

By Mr. MCCRARY: The memorial of citizens of the District of Columbia, in relation to drainage and sewerage in the cities of Washington and Georgetown, to the joint select committee to inquire into the affairs of the District of Columbia.

By Mr. MACDOUGALL: The memorial of the New York Academy of Medicine, in support of the bill to increase the efficiency of the Medical Department of the Army, to the Committee on Military Affairs.

By Mr. MYERS: The petition of William Hoffman, of Philadelphia, Pennsylvania, for a pension, to the Committee on Invalid Pensions. Also, the petition of Mrs. Mercy E. Scattergood, of Philadelphia, Pennsylvania, widow of Edward Scattergood, for increase of pension, to the Committee on Invalid Pensions.

By Mr. POTTER: The memorial of the New York Academy of Medicine, in support of the bill to increase the efficiency of the Medical Department of the Army, to the Committee on Military Affairs.

By Mr. RANDALL: The petition of Charles T. Campbell, of Dakota Territory, for relief, to the Committee on Military Affairs.

By Mr. E. H. ROBERTS: The petition of citizens of Rome, New York, for the repeal of that portion of the act of June 6, 1872, which made a reduction of 10 per cent. in certain duties, to the Committee on Ways and Means.

By Mr. SENER: Several petitions of citizens of Virginia, for an appropriation for the improvement of Quantico Creek and Neabsco Creek and Bay, to the Committee on Commerce.

By Mr. THORNBURGH: The petition of G. R. Brandon, of Knoxville, Tennessee, for relief, to the Committee on War Claims.

By Mr. WALLS: Papers relating to the claim of Robert H. Watts, of Warrington, Florida, to the Committee on War Claims.

HOUSE OF REPRESENTATIVES.

SATURDAY, March 7, 1874.

The House met at twelve o'clock m. Prayer by the Chaplain, Rev. J. G. BUTLER, D. D.

The Journal of yesterday was read in part, when, On motion of Mr. FRYE, the further reading of the Journal was, by unanimous consent, dispensed with.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. SYMPSON, one of its clerks, announced that the Senate had passed a bill (S. No. 161) to provide for the appointment of a commission on the subject of the alcoholic liquor traffic; in which the concurrence of the House was requested.

FINANCE.

The SPEAKER *pro tempore*, (Mr. WILSON, of Iowa, in the chair.) The House, pursuant to order, meets to-day as in Committee of the Whole, to consider the special order, being the bill (H. R. No. 262) to repeal the stamp duty or tax on matches and on bank-checks. The gentleman from New York [Mr. WOOD] is entitled to the floor.

Mr. WOOD. Mr. Speaker, the remarks which I intend to present to the House to-day for its consideration, were prepared immediately after the chairman of the Committee on Ways and Means delivered his speech upon the finances of the country, which has attracted so much attention in Congress and out of it. My attention has been so continuously devoted to the duties of the committee of which I am a member that I have not had time to further continue the line of discussion which the speech of that gentleman invited.

Before proceeding, however, to present these views, I wish to occupy the attention of the House for a short while, in referring to two speeches which have been made within a few days in answer to the speech of the gentleman from Massachusetts, [Mr. DAWES,] one by my colleague from the Oneida district, [Mr. E. H. ROBERTS,] and one by the chairman of the Committee on Appropriations, the gentleman from Ohio, [Mr. GARFIELD.]

My colleague, in accordance with his temperament, presents a very placid and agreeable view of the public exigencies. He is satisfied with the condition of the public Treasury, with the disbursements which are made, and with his own estimate of the probable revenue to meet any possible deficiency. In this regard, like his own individual character, he is a contented, happy man. He sees no difficulty in the way; and in the figures he presents—no doubt carefully drawn, and I am not prepared to say not accurately presented—a justification from his stand-point of the degree of agreeableness with which he views the aspect of public affairs.

There is, however, one very remarkable statement made by that gentleman to which I desire to refer. It is to be found in his speech, page 16 of the CONGRESSIONAL RECORD of March 3, in which he refers to what he calls "the actual situation." He says:

In a word, the revenues are now ample to meet every accruing obligation. If they were not I would not look to the future for a remedy, but would now cry "tax."

According to his figures and according to his sanguine view of the revenues of the country, he deems them ample. Ample for what? Ample to meet every accruing liability of the Government. But if they are not so, that is, if our receipts are not equal to our expendi-

tures, then he is for taxation. Did it never occur to that gentleman that there was another way, and that is by a reduction of obligations?

Sir, in my judgment, if we fall short of a sufficient revenue to meet the accruing obligations of the Government, our first duty is to decrease those obligations within the limits of our revenue, and the last measure to which, in the present condition of the industries of the country, we should have resort is to that of additional burdens in the way of taxation on the industries of the people. Therefore, sir, I beg respectfully, without measuring words with my colleague as to his estimation of the facts, to take issue with him whether we should resort to taxation until we have tried my first remedy, and that is a reduction of the expenditures of the Government.

But, sir, the chairman of the Committee on Appropriations addressed the House on the same subject a day or two ago, and I notice his speech only because it emanates from the chairman of the Committee on Appropriations. If that gentleman held an ordinary position on this floor, the same as other members do, I would not consume the time of the House by making any reference whatever to his remarks. He advances a very extraordinary theory. I quote from the CONGRESSIONAL RECORD of March 6, page 25. He says:

The necessary expenditures of the Government form the base line from which we measure the amount of our taxation required, and on which we base our system of finance. We have frequently heard it remarked since the session began that we should make our expenditures come within our revenues—that we should "cut our garment according to our cloth." This theory may be correct when applied to private affairs, but it is not applicable to the wants of nations.

Why not, sir? Why not? Do not the same principles of political economy govern the humblest individual in the ordinary transactions of life as govern the greatest and most powerful nation in the conduct of its affairs? If a merchant, or a lawyer, or a trader, or a manufacturer, or a farmer, finds himself curtailed in his receipts, what is his first thought? What is his first duty? It is to bring those expenditures within the limitation of the resources. It is, in short, in the language of the honorable chairman of the Committee on Appropriations, to cut his garment according to his cloth, and not to spend \$15,000 when his income is only \$10,000. But the gentleman rejects that theory, and says that while it may be a proper principle to apply to an individual it will not do to apply it to this Government. Of course not. Why should he desire to apply it to this Government? He wants the expenditures, with the exception of the curtailment of a few thousand dollars, to go on, and to lift up the resources of the Government by taxation on the people to meet them. An individual will reduce his expenses to meet his income; but he is for keeping up the expenses whatever the consequence. If the total expenditures be \$310,000,000 or \$320,000,000 one year, and by any extravagance, or profligacy, or necessary expenditures they are increased to \$350,000,000 the next year, he would raise, either by taxation or borrowing, that \$350,000,000. He does not tell you exactly by what means he would do it, but the necessary logical inference from his speech is that he must resort to one or the other of these expedients. He reverses the sound political maxim applicable to the individual as well as to the nation. Now, sir, as to that gentleman's practice, I refer to it only because he seeks credit for a desire of economy. In the last bill reported by him from the Committee on Appropriations, the legislative, executive, and judicial appropriation bill, I find several important items in which he proposes an increased expenditure. I will cite some of them:

Purpose.	Appropriated, 1873-'74.	Recommended, 1874-'75.
For United States mints and assay offices.....	\$762,180 00	\$1,026,240 00
For Territories and the District of Columbia.....	244,480 00	257,067 00
For the office of Secretary of the Interior, including contingent expenses of building occupied by Interior Department.....	134,100 00	170,340 00
For General Land Office, including contingent.....	244,560 00	254,560 00
For Indian Office, including contingent.....	68,140 00	73,680 00
For Bureau of Education, including contingent.....	34,850 00	35,510 00
For Post-Office Department, including contingent.....	479,382 00	486,312 00
For United States courts, district attorneys, marshals, &c.....	379,850 00	401,750 00

I quote from the bill reported by the Committee on Appropriations, pages 69 and 70, showing that he proposes a very large and, in my judgment, a very unnecessary increased expenditure.

The Navy bill that came from that committee, in addition to the \$4,000,000 which we had appropriated previously, made a much larger increased expenditure for the Navy Department for the coming fiscal year than the expenditure for the last fiscal year; and that bill comes back from the Senate amended by a further increase, which his committee, I am informed, will agree to.

I will digress for the purpose of objecting to the habit of the Senate in adding to our appropriation bills. In one instance now within my mind the Senate went so far as to add between six and seven million dollars upon an appropriation bill sent from this House. Sir, the English House of Commons would not permit that. The House of Peers would not dare to amend an appropriation bill originating in the House of Commons. When the Washington commission recently sat here for the settlement of our Alabama claims, Sir Stafford Northcote, the present chancellor of the exchequer of England under the Dis-

raeli administration, was astonished when he came to understand that the Senate exercised the power of moneyed amendments to appropriation bills originating in this House. He said he had never known such an instance in English history; and in his judgment the House of Commons would send back such an additional appropriation with indignation to the House of Peers. As extravagant, and, in my judgment, wasteful, as this House often is in appropriating public money, not only in the regular appropriation bills, but in the many other appropriations we are continually making, the Senate goes much farther in giving no consideration to the moneyed interests of the country.

Now, sir, I shall proceed with remarks directly pertinent to the speech of Mr. DAWES. He has chosen to select this as the opportune occasion to discuss the general wants of the Treasury, and the proper course which, in his judgment, should be pursued in order to create a more approximate equality between the receipts and disbursements. He has thus chosen to give this discussion a broader scope than is comprehended in the question immediately before us, and in this regard I shall attempt to follow him. For the purpose of presenting in a few words what were the substantial points of that gentleman's speech, I group them as follows:

First. The present and prospective resources of the Government.

Secondly. Means to provide for the alleged deficiency.

Thirdly. A reference to the past extravagance in order to deter Congress and the Administration from like errors.

These, I believe, comprehend the leading points of the speech, to which I propose to say a few words in reply.

Let me premise by calling attention to the analogy between the American House of Representatives and the English House of Commons. Our legislative system, as is well known, was founded on that of England. Our Senate is the House of Lords. This House is the popular branch represented by the persons chosen by the electors, as the House of Commons. It is true our Cabinet ministers do rarely appear *in propria persona* on the floor of the House, as in the House of Commons, but their representatives do, especially as to the public finances. In England, the chancellor of the exchequer, the chief officer of the treasury, sits in the House of Commons to explain and defend the management of his portfolio, while with us that officer, the Secretary of the Treasury, is represented by the chairman of the Committee on Ways and Means, who has access to the most private of the Treasury archives, and is, by virtue of his position, the exclusive representative of that officer. Therefore, when that gentleman rises here to inform the House upon these questions, he must be accepted as a mouth-piece of the Government itself.

But in this case we have an additional high authority. He is not only the representative of the ministry, but the leading and most influential member of the dominant party in the House, exercising a potent influence over all questions, and having more power to influence legislation than any other, or any dozen other, of the leading men. Being the oldest member in point of continued service, and for many years chairman of the two great leading committees, a man of conceded ability, a ready and forcible debater, he has had for ten years a commanding power over the proceedings of this House. Thus clothed with authority, when that gentleman speaks, we should listen; when he counsels, we should heed; and when he castigates, we should take admonition. But of him to whom much is given much will be required; and if he in turn shall be held responsible for many of the evils of which he complains, I am sure he will not object. Nor would I impose upon him an undivided responsibility. He and the administration of General Grant are but the representatives of their party—the republican party of the country—and it is that party more than the able chairman, through the aid and support of its members in Congress, that has accomplished the unjustifiable measures to which he has referred, and which he has so justly and severely criticised. Therefore, I hope I may not be considered as attempting to introduce merely partisan considerations in discussing a measure of this character, if I shall attempt to hold up to the condemnation of the country those intrusted with power, and who have had the responsibility of the conduct of this Government for the last thirteen years.

Now, a word as to the gentleman's figures. That part of his speech which is devoted to an *exposé* of the condition of the public Treasury I am bound to assume as strictly accurate. What he says in detail of the receipts and expenditures during the present fiscal year cannot be questioned. Taking the total amount of appropriations asked for for the next fiscal year as the probable amount that will be allowed, he proceeds to state what, in his judgment and that of the Treasury Department, will be the probable deficiency under existing laws. Without following the details by which he reaches the conclusion, and assuming the conclusion accurate, what can be said of the conclusion itself? He tells us that there will be a probable balance in the Treasury at the close of the year of \$20,302,385, as against \$60,000,000 with which the Government began the year; and, further, he goes on to show that even this small balance of \$20,000,000 will probably be drawn against for other liabilities, making about \$7,600,000 more, until finally he concludes that we cannot possibly expect a larger balance at the close of the year than about \$10,000,000.

When asked, by a gentleman from Ohio, whether in this estimate he had included anything in reference to the \$44,000,000 reserves, he said that he did not, that this calculation was made without reference to those reserves; which implies clearly that it is the intention

of the Secretary of the Treasury to return to the reserves that proportion of the amount which has been already drawn from it to meet pressing liabilities within the last four months. That reply implies that it is the intention of the Secretary of the Treasury to return these reserves to the place from which he improperly, illegally, and unjustly took them, as soon as the revenues of the country will permit it. Now let me pause a moment to reflect upon the consequences of such a course if taken. As we all know, the reserves are \$44,000,000. The Secretary of the Treasury being required, in his judgment, by the impending difficulties of the Treasury, has drawn upon those reserves to the extent of \$25,000,000 or \$26,000,000. If the revenues of the country continue to decrease he intends to draw on the balance; to do what with them? To put them out in the country for circulation. This will be a practical addition to the currency to the amount of \$44,000,000, an addition to that extent to the volume allowed by law. Now, we are told by the highest authority that that amount is not included in this estimate; hence that no account is taken of it, either as a resource or for purposes of disbursement. As soon as the current revenues of the Government will permit, the \$44,000,000 will go back into the Treasury, where it will remain. That will create a panic in this country worse than the panic of last fall. Take \$44,000,000 out of the floating circulating medium of this nation, from the hands of the people, and we all know what calamitous results will follow to the industrial and commercial interests. In the absence of any legislation on the part of Congress as to what shall be done with this \$44,000,000 question, if this Congress shall adjourn without taking cognizance of that general question, my word for it that the panic we had last fall will be as nothing compared with the panic which will follow before Congress meets again, unless the President shall call us together in extra session to avert the ruin that will be impending over us.

According to the report of the Secretary of the Treasury he had on hand at the beginning of the fiscal year \$99,462,028.50, and the receipts for the first quarter were \$24,104,310.58; but the estimates for the remaining five months were \$187,100,000, making a total available income from all sources for the year of \$570,666,330.58. This large aggregate income will have to be totally exhausted.

After presenting his figures in illustration, the chairman of the Committee on Ways and Means proceeds to tell us of the remedy. He says there are but three ways: first, by borrowing; secondly, by taxation; and, thirdly, by retrenchment. He discards the two former of these, and throws himself entirely upon economy and retrenchment as the only mode of extrication from the difficulty. But that gentleman appears not to see that all his propositions for economy and retrenchment apply as to what shall take place *after* the present fiscal year, and not during it. He very properly demands economical reform in the expenditures of the Government, and I will go with him in procuring anything desired in that way. But the deficiencies in the Treasury are now pressing and immediate. They lack resources to meet the expenditures already provided for by the appropriation bills of the last Congress. It is the present moment that is the life of the Government, and not what may take place next year or the year after.

While in my judgment the \$319,000,000 demanded for the fiscal year ending on the 30th of June, 1875, is at least \$50,000,000 to \$60,000,000 too much and it should be reduced to about \$250,000,000, yet that is not now the question which is to supply a deficit existing with reference to the demands of the Treasury before the commencement of the next fiscal year. Therefore I regret that the gentleman has not presented to us some practical proposition to meet the danger of bankruptcy now staring us in the face. I concur with him that the people will bear no further taxation. It is already too onerous for the industries of the country. Nor am I in favor of adding one dollar to the permanent debt. I therefore see no mode of relief except in the direction of a curtailment of expenditures. My proposition is that all of the balances unexpended of the appropriations of last year shall be withheld, only those that are absolutely necessary, until after the expiration of the fiscal year, or until the resources of the Treasury from legitimate sources will enable the Government to meet them.

In my judgment our receipts from imports will be larger than estimated, and that at least \$15,000,000 of the \$25,000,000 of dutiable goods now remaining in the bonded warehouses will be withdrawn before the 1st of June, and thus add that amount to the resources of the Government; and with the reviving spring trade there can be no reason why we may not anticipate a much larger income than the Secretary and chairman appear to anticipate. But whether these expectations may be realized or not, I think there can be no doubt as to the policy of holding a very large proportion of the money heretofore appropriated, especially for public works, entirely from payment until we are in a condition to do so without embarrassing the Treasury.

But, aside from these considerations, had the policy of the Government been judicious the Treasury would not have been in its present condition notwithstanding the falling off in revenue. If the whole of the receipts for the last seven years had been devoted to its legitimate purpose, we could have been in no such strait as now. No people have borne so much taxation within the same period with so little resistance or objection. About \$1,000,000,000 every three years has been absorbed by the Government from the industries to the country; whereas about \$600,000,000 should have been sufficient

to have defrayed the necessary expenses and meet the interest on the public debt.

What has been the policy? The readiness of the people to bear taxes has invited extravagance and profligacy here. As they responded to the calls of the Treasury, so have the Government and Congress been encouraged to pursue a system of lavish expenditure and the creation of a large retinue of unnecessary officials. The gentleman from Massachusetts told us in his speech that there were twenty-eight hundred persons employed in the Treasury Department alone, whereas but four hundred are authorized by law. Take this one example, and draw from it a proper conclusion. A like system of an unnecessary increase of patronage in the creation of unnecessary

officials of every grade and character throughout the United States has been the chief occupation of Congress at every session, until today the aggregate civil list of the United States comprehends a larger number of persons for like purposes than is employed by Germany, France, and England, put together.

I present herewith a series of tables gathered from the Biennial Register or Blue Book for the years named, which conclusively prove this. Indeed, a general extravagance and waste pervade each of the Executive Departments. The chairman, Mr. DAWES, has referred to some of them, but only to a few. I have followed the line of investigation, which he but began, and present a series of tables, carefully gathered from official sources, which show and prove this:

Statement of the number of employés borne upon the civil list of the United States from 1859 to 1873 inclusive, compiled from the Biennial Register.

Departments.	1859.			1861.			1863.			1865.			1867.			1869.			1871.			1873.		
	At Washington.	Elsewhere.	Total.	At Washington.	Elsewhere.	Total.	At Washington.	Elsewhere.	Total.	At Washington.	Elsewhere.	Total.	At Washington.	Elsewhere.	Total.	At Washington.	Elsewhere.	Total.	At Washington.	Elsewhere.	Total.	At Washington.	Elsewhere.	Total.
State.....	34	339	373	33	366	399	34	374	408	37	398	435	39	434	473	47	528	575	57	387	444	63	401	464
Treasury....	487	3,295	3,782	494	2,697	31,911	1,103	3,721	4,824	2,067	4,176	6,243	2,529	5,582	8,111	2,451	5,631	8,082	2,543	6,050	8,593	2,800	8,630	11,430
Interior.....	607	691	1,298	875	610	14,855	829	634	1,463	924	583	1,507	774	984	1,758	1,322	849	2,171	1,452	1,412	2,864	1,590	1,991	3,581
War.....	90	246	336	120	703	823	670	749	1,419	924	2,379	3,303	1,645	1,023	2,668	644	692	1,336	564	968	1,532	584	1,082	1,666
Navy.....	73	19	92	81	17	98	115	23	138	118	23	141	115	48	163	80	93	173	111	90	201	119	8,122	8,241
Justice.....	6	206	212	8	268	276	9	204	213	9	212	221	11	219	230	41	198	239	44	260	304	47	681	728
Post-Office..	101	38,193	38,294	107	39,506	39,613	160	38,574	38,734	173	40,971	41,144	234	42,189	42,423	289	41,057	41,346	426	42,925	43,351	495	59,730	60,225
Legislative..	140	.....	140	164	.....	164	176	.....	176	173	.....	173	287	.....	287	285	.....	285	316	.....	316	325	.....	325
Total.....	1,538	42,989	44,527	1,892	44,167	46,049	3,096	44,279	47,375	4,425	48,742	53,167	5,634	50,479	56,113	5,159	49,048	54,207	5,513	52,092	57,605	6,023	80,637	86,660

As is well known to the well-informed members of this House the Blue Book, from which this list is made up, does not contain all the persons employed by the Government on the civil list; while every one indicated is employed, there are many thousands employed not stated. This fact is especially true of the Treasury, Navy, Interior, and Post-Office Departments. Therefore, I think I am quite safe in saying that, when I give this list as authority, there is a very large outside number of persons employed over and beyond those contained in it. I am therefore probably much under, and certainly not over, the true number of persons employed at this time on the civil list.

I will not detain the House with any comments upon this extraordinary statement. It will be observed that the increase in the number of employés has been continued since the close of the war, and is now rapidly increasing. It is unnecessary to argue that with so large a number of persons supported by the Government the expenses must necessarily be great, not only in regard to the salaries required, but also in large additional expenditures for other purposes growing out of the fact of their employment. The tables of expenditures which I shall now present prove this conclusively.

Comparative tables of expenditures of the public service collated from reports of the Secretary of the Treasury and other official documents.

POST-OFFICE.	
1868.....	\$22,730,592 65
1869.....	23,698,131 50
1870.....	23,998,837 63
1871.....	24,390,104 08
1872.....	26,658,192 31
1873.....	29,084,945 67
1874 (estimated; see report of the Postmaster-General for 1873).....	33,929,912 00

Thus the Post-Office cost \$22,730,592.65 in 1868, and in the year 1874 \$33,929,912.00

The above figures are gathered from the reports of the Secretary of the Treasury for the years indicated, and, therefore, cannot be questioned. Those for 1874 are the estimates stated in the report of the Postmaster-General, of the 1st of December, 1873. It will be observed that in 1868 less than twenty-three millions for this Department were sufficient, while for the present year thirty-four millions are required—an increase of over 50 per cent.

NAVAL.	
1868.....	\$16,288,244
1869.....	17,356,350
1870.....	18,453,270
1871.....	19,250,090
1872.....	19,832,323
1873.....	18,296,733
1874.....	22,276,357

In the sum appropriated this year are included four millions called extraordinary in consequence of the preparations made necessary by the Cuban difficulties. And yet, though probably made necessary at that time, this sum thus expended for the uses of the Navy in outfit and purchase of armaments of war certainly rendered it unnecessary to ask the large sum that was afterward appropriated. There can be no doubt that in this, as well as in the Post-Office Department, there are grave reasons for believing that much larger sums are expended than can be legitimately required.

The Postmaster-General was very active in procuring the abolition of the franking privilege, stating in an official document sent to this

House that if Congress would enact a law to this effect it would insure a saving of several millions in the expenses of his Department. Congress did so, the law taking effect upon the 1st of July last; and yet he asks us for the next fiscal year to allow him about \$5,000,000 in excess of what he expended in 1873, before the franking privilege was abolished. This fact, taken in connection with the enormous increase in the number of persons employed by this Department, naturally creates a pervading distrust in the integrity of its management. There is one feature in its administration that has not as yet been investigated, and that is its unrestricted authority in making contracts for supplies. A large portion of the moneys disbursed are expended in that direction—sometimes, it is said, in the interest of persons closely connected with the officials who have the authority to control these disbursements. But as I make no statements of fact not susceptible of proof by documentary or other testimony, I shall make no further reference to these allegations.

Comparative receipts and expenditures of the Internal Revenue Department, collated from the reports of the Secretary of the Treasury.

Fiscal year ending—	Receipts.	Cost of collection.	Per cent.
1867.....	\$266,027,537 43	\$7,892,050 98	3
1868.....	191,087,589 41	8,730,357 65	4½
1869.....	158,386,460 86	7,200,114 16	4½
1870.....	184,899,756 49	7,234,531 14	4
1871.....	143,098,153 63	7,075,187 14	5
1872.....	130,642,177 72	5,697,288 34	4
1873.....	113,729,314 14	5,337,124 23	4½
1874 (estimated by Secretary).....	103,000,000 00	*5,398,380 00	5½

* Reported by Committee on Appropriations.

While I have no disposition to question the integrity of the head of this Bureau, yet I am compelled to make a reference to a few facts in connection with the above table, and the management of the collection of the internal revenue.

It will be observed that the cost of collection has not decreased *pari passu* with the amount collected. In 1867 \$266,000,000 were collected at an expense of less than \$8,000,000, or 3 per cent. upon the amount collected; while, in 1869, \$158,000,000 cost \$7,200,000 to collect, being 4½ per cent. upon the amount collected. In 1871 \$143,000,000 were collected, at an expense of over \$7,000,000, being 5 per cent. upon the cost of collection. In July, 1872, Congress passed a law doing away with the offices of assessors and assistant assessors, which it was stated at the time would insure a saving to the Treasury of \$1,800,000 a year. An amendment had been made to the internal-revenue laws which abolished taxes on most of the articles heretofore taxed, reducing the collection upon only whisky, tobacco, &c.; and yet we find that \$5,697,000 was appropriated for this Bureau in 1872, and \$5,337,000 in 1873. The Secretary of the Treasury estimates that the receipts to be expected from internal revenue in 1874 may be stated at \$103,000,000; and yet the Committee on Appropriations reports \$5,398,380 required for this period, which will be 5½ per cent. upon the cost of collection.

But the amounts appropriated for the expenses of the Internal-

Revenue Bureau do not comprehend all that this service costs the Government. There is still a larger amount of which we know nothing. Of the defalcations and losses incurred by the dishonesty or negligence of the subordinate officials employed, we know nothing. I have this day received a communication from the Commissioner, in answer to a request made by me of the amount of defalcations and arrearages in his Bureau, which throws some light upon this question. Wishing to do no injustice, I give it in full:

TREASURY DEPARTMENT, OFFICE OF INTERNAL REVENUE.
Washington, March 5, 1874.

SIR: In compliance with your request, I have the honor to state that the records of this office show that the aggregate amount of internal-revenue collected during the period from September, 1862, (when the internal-revenue laws first went into effect,) up to February 28, 1874, (last month estimates,) is \$1,792,555,000. Of this amount there is now due the United States from late collectors, the sum of \$2,525,199.13; which is about 14-100 of 1 per cent. of the total amount collected.

Of the total amount due, \$2,136,489.24 is due from officers appointed prior to March 4, 1869, and \$388,709.89 due from officers appointed since March 4, 1869.

In many cases there is reason to believe that the deficiency may have arisen from defalcations of deputies and employees of the collector, for whose official conduct he is legally responsible. In such cases the collector cannot be considered as personally guilty of embezzlement, though possibly censurable for not having exercised proper care. Under the present laws his remedy against his deputies is through the State courts, where settlements are often long delayed.

Steps have been taken to recover the amounts due from these officers, by suit upon their official bonds. The United States attorneys in charge of these suits are urged by this office to a vigorous prosecution of the same, and with a few exceptions it is probable that the greater portion of the amount due will eventually be recovered and paid into the Treasury.

There are a number of cases of late collectors whose accounts are yet unsettled, and are now being adjusted, in which this office has no information of any defalcation or criminal retention of public funds, by either the collector or any of his employees, and consequently the outstanding balances shown upon the books of this office in these cases have not been included in the above statement.

Very respectfully,

J. W. DOUGLASS,
Commissioner.

Hon. FERNANDO WOOD,
House of Representatives.

EXPENDITURES ON ACCOUNT OF INDIANS.

1868.....	\$3,998,353 59
1869.....	6,927,773 48
1870.....	3,407,938 14
1871.....	7,426,997 44
1872.....	7,061,728 82
1873.....	7,951,704 88

In these expenditures a like increase appears, with probably a less justification than in any other Department of the Government. Nor do these figures comprise the entire expenses of that service. They do not comprehend the cost of the Army. These appear in the Army appropriation bill, merged in the general expenditures for Army purposes. Thus a most efficient agency for the proper subjection or protection, as the case may be, of the Indians is left entirely out of this account. It does, however, include the support of the Indian agencies, the ostensible supply of Indian goods, in many cases bought and paid for but never delivered; the furnishing of rifles and rum; the pretended payment to Indians of money required under the so-called treaties with their tribes, half of which is stolen before it reaches them; and the hangers-on of those who are employed to execute these treaties.

As I shall refer more especially to the policy of the Government in dealing with this grave question in the concluding portion of my remarks, I will omit further comment at this time.

COAST SURVEY.

1868.....	\$455,700 77
1869.....	478,410 72
1870.....	506,279 06
1871.....	735,000 00
1872.....	729,000 00
1873.....	852,828 75

The increased expenditure for this department is to me unaccountable. Although living upon the sea-coast for many years, a ship-owner, and familiar with everything appertaining to this branch of the public service, yet I cannot see any reason why there should not be a large decrease in its cost. Without being informed as to the different items which compose these great annual aggregates, it seems to me utterly impossible that for the purposes of coast survey they can reach any such sum.

There is not one foot of the Atlantic coast from Halifax to the cape of Florida that was not completely surveyed fifty years ago. It is now nearly forty years since Professor Hassler, then the most eminent man living in his profession, first took charge of this duty, and successfully explored and designated everything necessary. The system he established has not been, and cannot be, improved. Under it our navigators have been made acquainted with every objective point, every harbor, every inlet, together with the soundings of the whole coast. It is true that in our recent Pacific acquisitions something new was to be explored; but certainly the twenty-five years intervening since the annexation of California have been sufficient to have accomplished this. Therefore, I cannot fail to conclude that, in this as well as in the others, corruption or wasteful extravagance exists.

SURVEYING PUBLIC LANDS.

1868.....	\$373,252 30
1869.....	429,495 78
1870.....	641,497 37
1871.....	564,940 76
1872.....	838,514 96
1873.....	1,128,060 13

SURVEYOR-GENERALS' OFFICES.

1868.....	\$95,209 75
1869.....	96,596 08
1870.....	114,962 89
1871.....	121,144 05
1872.....	557,359 95
1873.....	414,135 19

It will be seen by the above table that, while in 1868 the cost of surveying the public lands was but \$373,252, in 1873 it was \$1,128,060, an increase that cannot be accounted for or explained. The proceeds of the sales of the public lands in 1868 were \$1,348,715, while in 1873 they were only \$2,882,312, an increase of about 100 per cent., and the increase of the expenses of the cost of surveying between 1868 and 1873 was more than 200 per cent. And when we take into consideration the fact that the money purchasing power is twice as great now as it was in 1868, this increase seems enormous.

The above statement does not include the expenses of the General Land Office in Washington, and many other items which appear under other heads. The surveyor-generals' office expenses show a like result, and therefore comment upon them is unnecessary.

JUDICIARY.

1868.....	\$723,378 57
1869.....	2,357,661 94
1870.....	2,610,342 53
1871.....	3,320,918 98
1872.....	3,594,077 52
1873.....	3,826,131 77

Public attention has recently been called to the Department of Justice, and many severe criticisms made upon its management. I have no desire to enter into this discussion. The table presented above tells its own story, upon which I propose to make but a few comments.

Two or three years ago the increased demands upon the Treasury from this quarter were excused upon the pretended Ku-Klux prosecutions in the Southern States. Large sums, it was said, were placed in the hands of United States marshals for the purpose of protecting freedmen and others from outrages in that quarter. Thus apparently justified, the appropriations went on increasing until we see that while in 1868 \$723,000 was sufficient, in 1873 \$3,826,000 are required; being more than five times as much as was wanted five years ago. Since the last presidential election we have heard nothing of the Ku-Klux. Therefore, that phantom bugbear should not serve as a pretext now. It has served out its double purpose of plunder and partisan excitement, and cannot be offered as an excuse for this enormously increased disbursement. It is true that Congress has made a few new judicial districts, but the sums required for them are comparatively trifling, when we consider the greatness of the amount expended.

UNITED STATES MINTS AND ASSAY OFFICES.

1873.....	\$762,182 00
Estimated by Secretary of the Treasury, 1874.....	1,333,195 00
Allowed by Committee on Appropriations, 1874.....	1,026,240 00

The difference between the two years given for this service is sought to be excused on the ground that at the last Congress a law was passed making it necessary to reorganize the system. I am familiar with that subject, having addressed the House at the time in favor of the bill. It was defended by the committee that reported it, that its object was merely to simplify and make more effective existing organizations without involving any additional expense. Such was my opinion at the time, because I could not see how any could be required. And yet we see it is to cost about a half million dollars.

SUB-TREASURIES.

1868.....	\$260,113 88
1869.....	272,614 27
1870.....	305,075 06
1871.....	324,074 73
1872.....	430,835 82
1873.....	493,660 90
1874.....	549,477 50

Here may be observed the same extraordinary increase, though in this case it has been more gradual and regular than in either of the preceding statements, each year showing the upward scale. What sufficed for 1868 is doubled for 1874. This is very remarkable, in view of the fact that not one additional sub-treasury has been established nor assistant treasurer been required in addition to those which existed at that time. There really exists no reason whatever for any increased expenditure in this branch of the public service. No additional duties have been imposed and no necessity for a greater number of employees exists that did not exist in 1871 and 1872. On the contrary, there is less business performed at this time by these offices than there has been in any year since the war.

MISCELLANEOUS.

1868.....	\$53,009,867 67
1869.....	56,474,061 53
1870.....	53,237,461 56
1871.....	60,481,916 23
1872.....	60,984,757 42
1873.....	73,328,110 06

Under the head of "miscellaneous" are comprehended a large number of items of various characters, but which for the purposes of Treasury designation are placed under this head. It does not include payment of interest upon the public debt, the civil list, or foreign intercourse, nor the naval and military establishments, nor pensions

and Indians, but everything outside of these. The above table is significant in showing that the increase is general and applicable to the whole public service, not only in its regular departments but as well in the appropriations made by Congress for purposes outside of these. Comment is unnecessary. These figures tell their own story, upon which it is not necessary to dilate.

Summary and comparative statement of expenditures in the several branches of the public service named from 1868 to 1873 inclusive.

Branch of service.	1868.	1873.
Post-Office.....	\$22,730,592	\$29,084,945
Indians.....	3,988,353	7,951,704
Naval.....	16,288,244	18,296,733
Coast Survey.....	455,700	652,828
Survey of public lands.....	373,252	1,128,060
Surveyor-generals' offices.....	95,209	414,135
Judiciary.....	723,378	3,826,131
Sub-treasury.....	260,113	493,661
Miscellaneous.....	53,009,867	73,328,110
Total.....	97,924,708	135,376,307

The laws passed during the war, and probably made necessary at that time, imposed extraordinary burdens upon the people. But what was excusable then can have no excuse now. Our first duty was to have modified or repealed most of them. What has been done? With the exception of a reduction of 10 per cent. in the tariff and a trifle in the Army and Navy, nothing has been done. The civil list has been increased, as well as the expense of every other branch of the public service. We have continued the taxation created during the war with but slight modification. The precious metals have been largely exported instead of being kept at home. Within the last nine years our mines have produced about \$640,000,000. Out of this we have coined but \$244,351,395 in gold and \$25,787,331 in silver, a total of \$270,138,726. Thus it will be seen that but little more than 42 per cent. of the whole has been coined, and the balance has been made into bars and sent to Europe. In addition we have received in coin during that period into the Treasury for duties on imports, &c., \$1,590,124,286. Now, notwithstanding the receipt of so much precious metal into the Treasury, we have still maintained and increased the paper-money circulation.

The policy of the Administration in paying off the large proportion of our public debt with these receipts had for its object self-glorification. It has been wedded to a fatal error, either ignorant of its consequences or willing to perpetrate so great a wrong simply for the purpose of procuring partisan objects. The panic of last fall and the strain that has been made upon the public Treasury within six months, producing national dishonor, have both been the result of this policy. The Government would not now be in a dishonored position had not the fatal policy of anticipating the public debt been adopted.

Three months after the commencement of the present Administration, on the 4th of March, 1869, the then Secretary of the Treasury found himself in possession of a surplus balance, over and above the preceding year's receipts and expenditures, of \$49,000,000, of which \$45,000,000 had been accumulated within three months. These large sums of cash on hand should have been held sacred as a foundation for the redemption of the legal-tenders upon which to begin resumption. Instead of doing this, he inaugurated a system of redemption of the bonded debt not due, while entirely neglecting the legal-tender debt past due, and insisted upon continuing the ruinous war taxation for the purpose of extending this policy. He bought \$41,000,000 of bonds the first year, upon which he paid a premium of \$3,322,791, thus paying a bonus out of the public funds for the privilege of doing not only a continued injury to the industry of the country by the enormous taxation, but also in diverting its resources from the liquidation of demand notes such as the legal-tenders, and by the payment of the funded obligations having eighteen years to mature. According to the Treasury statement issued the 1st of March, 1874, there were purchased \$323,253,800 of bonds between April, 1869, and September 25, 1873, upon which was paid a premium of \$39,758,532.71. If this had not been done there would now be nearly \$50,000,000 in the Treasury with which to meet the present deficiency and save the country from the impending necessity of increasing the public debt, or imposing more taxation. It is difficult to find words to sufficiently express a proper condemnation of such a suicidal policy. What would be thought of a merchant who anticipated the payment of his obligations having a long time to run, while he, at the same time, neglected to liquidate those which were payable on demand and remained dishonored?

I am opposed both to the extension of the public debt as well as the anticipation of it in payment. This people have endured sacrifices enough already to maintain the solidarity of the Union; and it is just to leave to posterity, who will derive the chief advantage from it, some part of the burden, and not endure it all ourselves. Therefore, I would not pay another dollar of the public debt until we have returned to specie payments, and materially lessened the existing taxation. If, when that is done, the remainder can be advantageously appropriated to lessening the bonded debt, I am quite willing to do so.

As illustrative of the evils which flow from the ruinous policy

which has been adopted with reference to the payment of any portion of the public debt, look at the condition of the public Treasury at this time. The falling off in the revenues, growing out of a variety of circumstances, has left the Treasury not only depleted of money sufficient to meet its current obligations, but has also compelled the Secretary of the Treasury to lay his hands, without authority of law in my judgment, upon a reserved fund which he, as well as his predecessors, had considered as having been permanently withdrawn from circulation. He was compelled to do this, or place the Government before the world in a condition of bankruptcy, a state of things the natural result of a diversion of the surplus revenues of the country to a purpose not necessary at the time, nor consistent with any safe principle of finance.

MOIETIES.

Public attention has recently been called to the subject of moiety, which are the perquisites of Government officials employed to protect the Treasury, outside of their regular salaries, as a compensation or incentive to them to perform the duty which they take an oath to perform to the best of their ability when receiving their appointments. There is no other country that pays its leading custom-house officials anything like as much as we do; nor is there any other commercial or maritime nation that affords to those officials the same facilities for accumulating enormous wealth as the United States. In Europe the moiety system has been abolished altogether. The regular compensation of the collector, naval officer, and surveyor of the port of New York, not including seizures or other perquisites, may be fairly stated at \$20,000 a year each. The duties devolved upon these officials are mostly performed by subordinates. A leave of absence for six months could be given to either of them without any detriment to the public service. Indeed it is quite practicable and consistent with the public good to comprehend the duties of the three in one. Until recently we paid the President of the United States but \$25,000 a year, and I can see no reason why a custom-house official, with little responsibility and no labor, should be paid nearly as much. It is true there are other than official duties expected of the incumbents of these offices. They have onerous political, if not official, duties to perform. They are made responsible by the Administration and its friends in Washington for the political condition of the State. They are expected to preserve the State to the dominant party by the dispensation of their patronage into the interior and a liberal distribution of money. They are made responsible for political results. Hence, in addition to their fixed pay, these enormous opportunities for gain have been granted to them by the party in power, through its action in Congress. They are each allowed one-sixth of all seizures, fines, and penalties derived from goods attempted to be imported in disregard of the duties imposed by law. While it is true that this feature of the revenue law is not of recent introduction, yet it is equally true that it has never before been carried to the extent to which it has been under this Administration. Before the advent of General Grant to power, in no one year during the history of the Government would the aggregate income of the collector of the port of New York exceed thirty to thirty-five thousand dollars a year, including salary, and yet the importations there defrayed more than two-thirds of the whole expenses of the Government without any internal revenue whatever. But now, impelled by avarice or partisan interests, scarcely an importer of the city of New York but is subject to espionage, surveillance, and oppression. Under the slightest pretext whole cargoes are sought to be confiscated, and the greed of the informers and spies of the Government, who act as the agents of the officials, appears to have no bounds. It is true the complicated machinery created for the collection of the revenue, and the crude tariff laws, and the many amendments continually made to them by Congress, appear to invite this course. The errors of hasty legislation, and the manner in which we create legal enactments in Congress, afford ample scope for the ingenuity of those buzzards of prey who destroy property and reputation without compunction of conscience. The events of these last two years, in New York and Boston, prove one of two things: either that our revenue laws and the mode of collecting the revenue are radically defective, and should be amended or repealed, or that the Government has placed men to administer those laws who are a disgrace to the country. The evil is terrible, and should be at once eradicated.

It is well to understand that this question in no way involves the tariff, though it may emanate from it. It is immaterial for the purposes of its consideration whether the duties on imports are high or low. The evils of which we complain are in the collection laws and in their execution by officials and agents subordinate to the Treasury Department. Nor is it necessary to make imputations against any political party. In my experience I have found that bad laws and bad men are evils for which no party should be held responsible. In saying this, however, let me not be understood as intending to relieve the present Administration of its responsibility for the shameful increase in the oppressive exactions made upon the merchants of New York since it has held the reins of power.

The system of allowing moiety to informers and spies is not a new thing in this country. It has existed as long as the Government itself. It was incorporated into the second tariff act enacted March 2, 1799, after the organization of the Government. At that time there was good reason for its adoption. We had no revenue-cutter system, the custom-houses were poorly organized, and without an established

system for the collection of the duty upon imports. The evasion of the revenue laws was confined exclusively to smuggling. This was the only process at that time adopted by those who sought to defraud the Government by the introduction of foreign goods without the payment of duty. The undervaluation of invoices and the more modern tricks at deception had not been thought of. Hence there was good reason for the allowance of a liberal perquisite to those who underwent the hazard and experienced the danger and difficulties of seizing smuggled goods. The coast was wild, custom-house officials but few in number, and the Government very properly took this means of inducing others to exercise a vigilance by offering them a moiety of the seizures. This law, drawn by Alexander Hamilton, originated in this country the system of moieties, which has existed ever since. The next law, of 1867, changed the moiety allowed and provided for the seizure of books and papers.

The history of this law of 1867 is that one week before the adjournment of Congress, on the 4th of March, 1867, such a bill had not been introduced into either House. It made its first appearance in the Senate on the 25th of February, 1867, and reached the House, or it passed the Senate, at midnight of Sunday, March 3. It passed the House at its expiring moments, with two minutes' debate. By this law the provisions of several preceding acts intended for the protection of an honest importer were repealed, and most extraordinary powers conferred upon the collector and his subordinates in the prosecution of importers in the collection of fines and penalties. The collector is made the judge as to the intent of the importer in all cases of seizure, although he is at the same time an interested party in the confiscation of the goods alleged to be undervalued.

In order to fully understand how innocently any man is liable to be entrapped and ruined in reputation and fortune by the custom-house process in New York, it is necessary to illustrate by a reference to facts.

A merchant is charged with a violation of the law, as, for instance, that he has presented to the custom-house an invoice stating the cost of his goods at a less price than that stated by some other merchant, or his correspondent abroad may have omitted some of the usual or unusual charges, or there may be a mistake in the addition or subtraction of his invoice, or some irregularity or error of a clerk in copying; or it may have been that the purchase of his merchandise may have been made under circumstances that enabled him to procure them at a slight reduction from what others had to pay, or that he had by superior ability and moneyed facilities obtained some other advantage which enabled him to lay his goods down at the port of New York at a slight reduction under others. In either of these cases, however innocent of any intention to defraud, and however truthfully his invoice may state the actual cost, he is liable, his goods are forfeited, with other penalties, including a whole invoice covering a vast amount of other articles to which a similar complaint cannot be made. The whole is forfeited to the Government, and he is mulcted in heavy liabilities and costs, and the judges to determine these questions are the parties who have a large pecuniary interest in doing so.

Take another case. The informers who get such a large proportion of the penalties and forfeitures, bribe a merchant's clerk, offering him large inducements to betray the secrets of his books and papers, and, indeed, as has been alleged, to make, himself, errors in the accounts, upon which evidence of frauds are proven and the merchant made to disgorge under fear of moral or, it may be, pecuniary, ruin. If, however, the merchant, conscious of innocence, determines to resist this outrage, and his conscience acquits him of any intent to commit fraud, he seeks legal advice; he is willing to test the case in court, and so informs his counsel. He is warned, however, that the court itself is made the judge of the intent. It is said that recently the judge of the southern district declared, in relation to cases pending in that court for seizure, that "the Government cases appeared to have collapsed. Of all that were on the calendar only five or six have been tried. It seems that when a little squeezing is brought upon the defendants in these cases they disappear." What this "squeezing" is may well be imagined. An intelligent writer in one of the leading papers of New York thus refers to it. He says that—

The squeezing may be the handcuff process of Detective Jayne, or the high moral pressure of District Attorney Bliss, whose finer intellectual principles would scarce stoop to the coarse process of the professional informer. Whatever it is, it has always proved effectual, as hundreds of plundered merchants could testify.

The Secretary of the Treasury, in reply to a resolution of the House of Representatives, has communicated the amount of money paid from July 1, 1862, to November 30, 1873, in the settlement suits, judgments, or claims made by or in behalf of the United States for the violation of the revenue laws at the New York and Boston custom-houses, in Executive Document No. 124.

For New York he states it to be, from March 1, 1869, to November 30, 1873, \$2,007,854.46, and from July 1, 1862, to March 1, 1869, \$1,745,658.29, making a total of \$3,753,512.75. Of this sum there was distributed to the informers \$1,838,766.26. The amount distributed from March 1, 1869, to November 30, 1873, being a period of four years and nine months, was \$987,132.49, while from July 1, 1862, to March 1, 1869, a period of six years and eight months, it was \$851,633.77, being proof of the superior activity of the present officials over their predecessors. Of these amounts the collector of the port received \$407,245.97; the naval officer \$324,058.64; and the surveyor \$291,213.61, leaving \$916,248.04 to the informers, most of which was received by B. G. Jayne, the special agent of the Treasury Department.

These sums do not include the interest which these officials have in the cases pending in the United States court. I have been furnished with an official statement of the customs-seizure cases on the calendar of that court, February 24, 1874. They are twenty-nine in number, for about \$100,000 in amount, which, together with a suit to recover \$100,000, since begun, make an aggregate of about \$200,000, of which these officers and the informers would be entitled to one-half in case the prosecutions are successful. I have reason to believe that since the agitation of the subject other suits, covering much larger sums, are in contemplation by the Government officials at New York.

For Boston the Secretary gives a statement only from March 1, 1869, to December 31, 1873. What was his motive for having included for New York the amount for a period anterior to the 4th of March, 1869, is not given. This was all he was asked for by the resolution of the House of Representatives. And why he should have gone back as far as 1863 for New York, and not for Boston, is also unknown. But his statement for Boston, in principle, is very much like that for New York. His report of fines, penalties, and forfeitures, from March 1, 1869, to December 31, 1873, for the port of Boston, shows that the whole amount received was \$609,401.23, of which \$305,249.92 was distributed outside of the Treasury. Of this the collector received \$50,816.40; the naval officer, \$50,187.74; the surveyor, \$50,817.60; thus leaving \$153,428.18 to the informers, most of which found its way into the hands of the inevitable B. G. Jayne.

Comment upon these facts, thus officially communicated, is unnecessary. The enormous sums received by those who have been clothed with official authority by the Treasury Department, as spies and informers is proof of a defect in the law as well as in its administration. It certainly cannot be necessary in this free Government that a system so antagonistic to our institutions should exist. Where the inducements are so great for men to prey upon each other it is expecting too much of them to be withheld by any merely moral considerations. Clothed with the power of the Government, and incited by avarice, that class of men who may be called professional spies and informers, are not restrained by any considerations whatever. Thus the worst passions of bad men—for it is only such who would accept these positions—are made active in the pursuit of gain. No thought of the reputation of others, no restraint of conscience, and no fear of consequences betray themselves.

The enlightened governments of Europe have long since abandoned this mode of securing revenue. Even Paris has discarded a practice which has become repulsive to Frenchmen. In these days of progress, intelligence, and high moral principles, this country, of all others, should make haste to rid itself of evils of this character. Public opinion will not long endure it. If we cannot collect our revenues and maintain the expenses of the Government without resorting to practices which are darker than anything which occurred during the days of the Spanish inquisition, there must be something radically wrong. We had better institute despotism at once and give it unlimited authority over the lives and property of the people.

SANBORN CONTRACTS.

When the general appropriation bill was before Congress in the spring of 1872, the two Houses disagreeing upon some of its provisions, conferees were appointed, and an effort was made to insert as an amendment the provision authorizing the appointment of these persons, but it failed. Subsequently other conferees were appointed under the same bill, when a Senator from South Carolina, now an Assistant Secretary of the Treasury, succeeded in getting it adopted. This bill became a law on the 8th of May, 1872. In June of the same year a subsequent bill authorized a special appropriation of \$100,000, to be used at the discretion of the Secretary of the Treasury, for detecting and bringing to trial and punishment persons guilty of violating the internal-revenue laws, and \$80,000 in addition was given for the same purpose in the regular appropriation bill. Thus \$180,000 was placed at the disposal of the Secretary, besides the power of making special arrangements with the three persons now employed under the Sanborn contracts. These large sums of money thus appropriated and the power conferred upon these three irresponsible persons, it will be seen, were all placed outside of the Bureau for the collection of internal revenue. In that office properly belonged everything appertaining to this branch of the public service; yet, for some mysterious object the head of that Department was not only deprived of all power, but of all knowledge of what was going on through this secret agency. Under these contracts the grossest outrages have been committed upon private rights. The same species of intimidation and oppression adopted by all custom-house officials and their spies and informers, have been adopted, and large sums have been collected, one-half of which has gone into the pockets of these persons.

It will thus be seen that the authority really conferred upon the Secretary of the Treasury has been abused. The law authorized him to employ three persons to assist the officers of the Government in collecting revenue which had heretofore been evaded. His sole power was confined to the appointment of persons to act in co-operation and in consultation with the existing officials; instead of which he conferred independent powers upon them, making with them a contract allowing them 50 per cent. of the amount recovered, and giving them secret instructions outside of and unknown to even the Commissioner of Internal Revenue himself, who is by law clothed with absolute

authority over everything appertaining to internal revenue. Thus armed, Sanborn, Kelsey, and others went forth to prey upon the community. They levied their contributions right and left, bullying, coaxing, threatening, and intimidating banks, railroad corporations, bankers, merchants, traders, and others. The innocent and guilty alike were brought before this inquisitorial power, and made to compromise under fear of prosecution, and yield up at least something to swell the pockets of these Treasury cormorants. What amounts have been received by these persons cannot be known; the Government does not know, and of course Congress cannot know. Considering the character of the men, employed directly and indirectly, the probabilities are that not one dollar in five of the amount recovered has ever found its way to the Treasury. But enough has already been reported to show that these three persons have pocketed within three years at least \$500,000 apiece. The Commissioner of Internal Revenue says that in his judgment not one dollar has been covered into the Treasury from these sources that could not have been as well collected by the regular officers of his Bureau, without any additional cost whatever for so doing; that he is already clothed with ample power to have recovered every dollar really belonging to the Government, and therefore that the creation of this authority, outside and independent of him, has, while it has brought nothing in that would not have otherwise come, considerably hindered and embarrassed his own agents in the discharge of their official duties. Certainly there must have been some mysterious power which could have originally officially created these persons and clothed them with such authority, and which has so successfully been maintaining them ever since. There is a secret influence somewhere, and it is not for me to say who and what it is. "Sufficient unto the day is the evil thereof." We have to deal with facts as they exist, and so perform our duties as to remedy abuses of such a character. Upon my motion, the Committee on Ways and Means have unanimously agreed to report a bill to repeal that section of the law to which I have referred, which authorized the Secretary to make these appointments. When that bill is before the House for discussion I shall have something more to say upon this subject, which I shall say without fear, though it may be distasteful to some members of this House.

In the Department of the Interior a struggle for the sole control of the Indian question is manifested. The President, a military commander, has allowed himself to be bamboozled by the head of that Department and some other sickly philanthropists, who desire to serve the Lord and the devil at the same time, by affecting the "moral-suasion" dodge in treating with the Indians. Finding the freedman, as a source of profit and philanthropy, no longer available, these people have essayed to use the poor Indian for like purposes. So the peace commission was instituted, and General O. O. Howard, that eminent soldier, Christian, and statesman, was selected to do up the moral-suasion business. The financial details of this effort at Christianizing the barbarians have not as yet been furnished. This must be left to a democratic Congress, because it is not at all likely that, after the exhibit of the Freedmen's Bureau, under the same administration, we shall be allowed to look into the precise cost in dollars and cents of the conversion of Indians to the true faith, and to know the result both in dollars and salvation. We do know, however, that Captain Jack and his *confreres* were especial favorites of this policy, and that they are vouched for as having been reconciled by that process and as examples of the efficacy of that mode of treatment.

It may be observed, however, that notwithstanding the cost of the peace policy and its alleged success, not a regiment was withdrawn nor a post abandoned that was occupied by our troops in the Indian country before it took place. The cost of the Army for that purpose is on the increase, as well as the Indian depredations themselves. I doubt whether the humanitarian system of dealing with warlike tribes, who are filled with the whisky which the money of the Government gives them and armed with the rifles likewise kindly furnished them, can produce the fruits of peace and loveliness. It is true money may have been made by this mode of treatment, although they appear to be more blood-thirsty and belligerent than ever. The nearer the Indian approximates to the walks of civilized life, the more clearly are developed his base instincts and love of all that is odious in our own characters. It is only in his wild, barbaric state that he is noble. Take him from his native fastnesses, and he becomes the most miserable specimen of a loafer, with all the vices and without any of the virtues of the white man. But whether my views upon this question are correct or not, it is quite certain that the policy of the Government with reference to the Indians has been alike expensive, inefficient, and productive of the worst consequences.

CONCLUSION.

I have thus briefly presented some of the errors for which the republican party is responsible. Were I to give them all, a day's time would be consumed in the enumeration. To that party, and the Congress and Administration it has created, may be charged all the public evils of the times, as well as the general private destitution and paralysis of trade. It has diffused throughout the nation erroneous and pernicious ideas of the nature of our Government, and taught the rising generation that extravagance, and not economy, is the road to wealth and happiness. It has depreciated public morals, and taught that by a pretext of philanthropy, Christianity, and temperance, the greatest public crimes could be committed and receive condonement in consequence. By its policy our great national

resources have not been developed on a sound principle of production. Extravagance, profligacy, demoralization, and general instability pervade the whole body-politic. Everything is artificial and uncertain. Nothing is stable in property. We have neither permanency nor safety. The earnings of a life of probity and purity offer no security as against the avarice of the officials it has placed in office. To satisfy its thirst for gain, and to continue its partisan dominancy, all men and all things must fall, if necessary; the great leading object being power and plunder. These two words comprise the motto on its banner, under which it fights and by which it expects to maintain itself hereafter.

In conclusion, I present a series of allegations implicating this party. I defy contradiction as to the accuracy and truth of every one of them:

First. Through the Government of its creation it has maintained a large standing Army at great expense during a time of peace.

Secondly. It has issued and continued a depreciated irredeemable paper currency, called legal-tender, without taking one step toward redemption.

Thirdly. It has usurped, by force, the State authority in several States, producing anarchy and despotism and repudiation of their public moneyed obligations.

Fourthly. It has increased the civil list from 44,500 persons in 1860 to 86,660 persons in 1873.

Fifthly. It has instituted a system of espionage and oppression in the execution of the revenue laws, which has resulted in enriching custom-house and other officials, without aiding the public Treasury.

Sixthly. It has created and maintained direct taxation, which, until its advent to power, had been unknown in this country since the close of the American Revolution.

Seventhly. It has stealthily absorbed the whole governmental power of the country at the Federal capital, until all State interests are made subservient and dependent upon its will.

Eighthly. It has driven from circulation gold and silver, the only constitutional medium, and, notwithstanding its large receipts in coin from customs duties and mines, does nothing toward its restoration.

Ninthly. In disregard of the policy adopted by other leading nations, it has permitted the export to foreign countries of about \$1,000,000,000 of the precious metals, instead of retaining them here for its necessities and the restoration of a sound currency.

Tenthly. It has increased the salaries of all officials, including that of the President, which it still maintains, though industries are oppressed and poverty goes starving through our streets.

Eleventhly. It has maintained a protective tariff in the interest of a class, to the detriment of the whole people.

Twelfthly. It has, since 1869, anticipated the public debt, not due for twenty years, and paid \$40,000,000 for the privilege of doing so, although the immediate obligations of the Government were dishonored and the Treasury is now exhausted.

Thirteenthly. It has inaugurated a fatal policy in its treatment of the Indians—part peace and part war—by dealing out moral suasion to the most warlike, and certain death to the most peaceful, thus adding to the difficulties and expenses of a proper settlement of this serious question.

Fourteenthly. To divert public attention from the extent of the profligacy and extravagance of its horde of officials, it pretends the establishment of a rule of civil-service reform which it applies altogether to a few clerks in Washington, where there are no votes to be had, but ignores elsewhere where party services as a reward for office are required.

Fifteenthly. It has diffused erroneous ideas of the nature of our Government to the youthful and uninformed, and taught by example a general looseness of public and private morality, which tends to subvert the permanency of our institutions and loosen the foundation stones of social order and public well-being.

Mr. BURCHARD. Mr. Speaker, in taking the floor to discuss the question pending before the House, I appreciate the wide scope and magnitude of the subject which is involved. It is not merely whether we can and ought to dispense with the particular taxes sought to be repealed by the two little bills before the House—the tax on matches and the tax on bank-checks—but the subjects referred to the Committee on Ways and Means at the commencement of the session—taxation and revenues, the condition of the Treasury, and even the necessary expenditures of the Government, not only during the present fiscal year, but for the next and for a series of years in the future—present themselves for consideration and discussion.

I do not desire to discuss these questions in a partisan spirit or for party purposes, nor to go back to the legislation of preceding Congresses, whether republican or democratic, to inquire as to the action of a party or the particular course of individuals in reference to the revenues and expenditures of the Government. I design rather to present some figures which have aided my own investigations and seem to have an important bearing upon this great question, and to them I invite the attention of the House. They will be found in the tables that I shall submit.

When the last Congress adjourned there were apparently abundant revenues. Upon assembling at this session we were startled to find that the national debt, no longer diminishing, had actually increased. The revenues, falling off, had become insufficient to meet current expenditures, and Treasury notes were being issued to supply the deficit.

Two years ago our predecessors were deliberating what reductions could be made most advantageously in national taxation, which fur-

nished too abundant resources. They found a plethora Treasury. Its vaults to-day are almost empty. They sought to cut down the surplus of \$57,000,000 annually remaining after paying the sinking fund. We are groping to find resources, or to stop expenditures, so as to avoid a deficit, which the Secretary lately informed us would reach nearly the same amount.

The cause of this great difference—of the contrast between its present condition and the large balance the Treasury was then able annually to apply upon the public debt—has not wholly arisen from the influence of the late panic upon business, nor in enlarged expenditures, but in part because the reduction of taxation was greater than prudence should have dictated, and more than the subsequent Treasury receipts have justified.

The Secretary of the Treasury and the cautious and accurate statisticians and subordinates in his Department, as well as legislators, seem to have been over-sanguine as to the swelling volume of importations and customs revenues.

During the fiscal year 1873, the same in which taxation had been reduced over \$50,000,000, the Secretary of the Treasury paid off over \$50,000,000 of the public debt, although the cash in the Treasury was reduced over \$7,000,000 to make the payment.

TREASURY ESTIMATES.

The Secretary of the Treasury, in his annual report for December, 1872, estimated the Treasury receipts for that and the ensuing fiscal years, ending respectively June, 1873 and 1874, as follows:

Source.	1873.	1874.
Customs	\$192,000,000	\$200,000,000
Internal revenue	108,000,000	103,000,000
Miscellaneous	19,000,000	17,000,000
Total	319,000,000	300,000,000

The report for December, 1873, showed for same years actual and estimated receipts:

Source.	1873.	1874.
Customs	\$188,000,000	\$160,000,000
Internal revenue	113,000,000	92,000,000
Miscellaneous	32,000,000	19,000,000
Total	333,000,000	271,000,000

REVENUES.

The monthly receipts from customs duties, internal revenue, and total from all sources, since the 1st of January, 1871, when the reductions in the tariff act of 1870 took effect, have been furnished me by the Treasury Department. Their data will be of great value in estimating the revenues for the remainder of the year.

Statement of the receipts of the Government from January, 1871, to February, 1874, inclusive, as per returns in the office at the close of business on the last day of each month.

Month.	Customs.	Internal revenue.	Miscellaneous.	Total.
1871—January.....	\$17,437,807 06	\$9,381,468 37	\$3,775,939 88	\$30,595,215 31
February.....	16,780,984 09	8,649,323 86	3,121,542 76	28,551,850 71
March.....	20,806,919 71	10,651,080 35	2,929,486 82	34,387,486 88
April.....	17,676,634 35	8,859,931 26	2,772,888 47	29,309,454 08
May.....	17,306,416 70	11,068,039 21	3,049,777 96	31,424,233 87
June.....	15,600,732 53	14,359,336 95	2,634,636 39	32,594,725 87
July.....	16,298,051 26	12,347,800 43	4,437,702 64	33,083,554 33
August.....	22,745,826 02	11,637,457 78	4,033,001 44	38,416,285 84
September.....	21,972,598 52	10,836,676 36	5,317,691 37	38,126,966 25
October.....	18,221,680 41	10,368,989 31	3,926,703 42	32,517,373 64
November.....	14,745,425 45	9,671,935 76	6,130,793 50	30,548,154 71
December.....	12,966,670 57	10,017,254 96	4,592,736 35	27,576,661 88
1872—January.....	18,636,530 81	9,612,298 15	2,196,912 54	30,445,741 50
February.....	19,972,527 20	9,897,465 33	2,874,904 34	32,744,896 87
March.....	19,545,327 12	9,616,629 93	2,151,237 97	31,313,195 02
April.....	20,065,963 89	10,535,203 46	2,614,756 80	33,215,924 15
May.....	17,257,808 19	10,990,773 68	1,905,020 45	30,153,602 32
June.....	11,894,354 61	13,753,407 79	3,608,855 83	29,256,618 23
July.....	11,188,615 56	14,053,014 73	5,197,336 34	30,440,966 63
August.....	26,378,180 49	10,325,493 36	4,665,441 50	41,369,115 35
September.....	19,441,038 60	9,614,370 79	4,861,066 62	33,916,416 01
October.....	16,588,690 32	8,823,777 25	3,641,684 82	29,054,152 39
November.....	12,248,102 59	8,683,536 62	3,872,222 95	24,803,862 16
December.....	10,514,693 36	8,127,045 46	2,589,451 13	21,231,189 95
1873—January.....	14,753,063 85	8,101,163 46	3,418,138 03	26,272,365 34
February.....	17,338,846 68	7,878,050 13	3,225,732 66	28,442,629 47
March.....	17,026,258 05	7,116,509 28	3,494,866 69	27,637,634 02
April.....	14,795,590 49	8,103,613 53	2,892,173 95	25,791,377 97
May.....	13,731,307 76	12,285,999 82	3,848,127 79	29,865,435 37
June.....	11,938,242 83	8,919,007 81	2,435,533 29	23,292,783 93
July.....	14,777,146 47	8,578,044 35	2,416,073 08	25,771,263 90
August.....	18,375,392 83	8,572,495 84	11,440,409 89	38,388,298 56
September.....	15,963,149 09	8,255,894 65	8,232,372 24	32,451,415 98
October.....	11,522,498 98	7,091,532 88	2,139,431 78	20,753,463 64
November.....	9,720,834 87	6,771,496 89	1,168,067 29	17,660,398 45
December.....	9,986,436 12	6,413,161 48	1,160,202 72	19,559,800 32
1874—January.....	13,576,973 71	9,400,874 80	3,336,799 91	26,314,648 42
February.....	14,434,659 77	8,134,408 79	3,544,922 97	26,113,991 53

Adding the receipts for the first eight months of the fiscal years 1872, 1873, and 1874, and the totals for the two former and proportionate estimate for the latter, we have the following comparison:

Source.	1872.	1873.	1874.
Eight months:			
Customs.....	\$146,721,000 55	\$129,412,972 76	\$108,436,805 53
Internal revenue.....	84,542,259 73	76,214,962 11	65,451,929 25
Total receipts.....	240,309,898 59	227,065,834 36	194,606,612 94
For the year:			
Customs.....	216,370,286 77	188,089,522 00	162,655,210 00
Internal revenue.....	130,642,177 72	113,729,314 14	98,177,894 00
Total.....	374,106,867 56	333,738,204 67	291,910,000 00

The probable receipts for the present fiscal year, unless the falling off is greater proportionately for the last third of the year than for the two thirds already elapsed, will be \$292,000,000. The receipts for the same period last year were \$108,000,000, while for the remainder of this year \$93,000,000 only will be required, or \$24,500,000 per month, to reach the sum of \$292,000,000.

Other members of the Committee on Ways and Means, in the examination of the subject, and in discussing the question before the House, have presented tables and figures which I do not care to stop to recapitulate, or to refer to at this time, except to say that the estimates and figures that they present do not show as much as the estimate I have made. My colleague on the committee from New York [Mr. E. H. ROBERTS] has stated the revenue to come into the Treasury from all sources will probably reach \$288,000,000, and that the Secretary himself admits the present showing to be \$10,000,000 better than he reported to us as the probable receipts at the beginning of the present session of Congress.

EXPENDITURES FOR THE FISCAL YEAR.

The Treasury estimate of expenditures for 1874, given to Congress by the Secretary at the commencement of this Congress, exclusive of principal and premium on public debt, was:

First quarter, actual.....	\$88,718,578 21
Three quarters, estimated.....	200,630,000 00

Total for year, estimated..... 289,348,578 21

The estimate made by the Treasury Department in January, 1874, places the amount required—

For the fiscal year.....	\$292,286,247 07
For the sinking fund.....	29,191,369 28

Total expenditure..... 321,477,616 35

Even with the more favorable estimate of receipts the annual income is insufficient for 1874. The account will stand:

Expenditures.....	\$321,477,616 35
Receipts.....	291,910,000 00
Deficit.....	29,567,616 35

CASH STATEMENT FOR 1874.

July 1, 1873, cash in Treasury.....	\$131,192,028 50
Less specie deposits.....	\$31,730,000 00
Less coin deposits.....	39,460,000 00
	71,190,000 00

Balance cash belonging to the Government..... 60,002,028 50

Receipts, estimated, for 1874..... 291,910,000 00

Total amount..... 251,912,028 50

Deduct expenditures..... 321,477,616 35

Balance cash on hand July 1, 1874..... 30,434,412 15

The deficit for the current year may be bridged over until another year by drawing down the cash in the Treasury if next year's receipts shall increase or its expenditures lessen.

First. What will be the receipts for 1875? How will they compare with those of 1874?

TREASURY ESTIMATE FOR 1875.

Customs.....	\$180,000,000
Internal revenue.....	108,000,000
Miscellaneous.....	17,700,000
Total.....	305,700,000

If the importations of dutiable goods continue as large as they have been since 1870 the estimates are reliable. They paid during the fiscal year 1872 \$216,000,000 customs duties into the Treasury, and by modification of rates and repeal of duties, taking effect in the next fiscal year, the estimated reductions in customs duties amounted to about \$32,000,000. The same volume of importations should give \$186,000,000 receipts from customs. The receipts for the last two months, which my colleague on the committee [Mr. E. H. ROBERTS] considers encouraging, \$28,000,000, will give only \$168,000,000. There is little prospect of an increase in total receipts for 1875 to \$305,000,000. I hardly expect to see them above the figures of 1874—\$292,000,000.

EXCESSIVE IMPORTATIONS.

I desire to present, for the consideration of the House at this time, some figures bearing upon the condition of the business of the country, and to contrast its present condition and the condition of the Treasury with that of former years.

The first fact that presents itself is, that during a few years past there has been an unprecedented increase in the importation of foreign commodities.

I have a table here showing the amount of imports and exports for a number of years beginning with the year 1855, showing in one column the imports at gold value, and in another the exports, also estimated at gold value, and the excess of exports over imports, or the excess of imports over exports. That table is made up to the year 1873, and there are facts in it which have a bearing upon the future condition of the Treasury, and the revenues to be expected from customs, worthy of consideration in deciding upon our duty in regard to the revenue.

The imports of merchandise for the last three years have risen far above their normal condition. They are, in my judgment, far greater than the country can or may be expected to maintain. They exceeded \$642,000,000 during the last fiscal year; indeed, including goods withdrawn from warehouses and directly imported, the amount as shown by the home-consumption statement was \$682,000,000. That amount of commodities went into the consumption of the country, being over \$200,000,000 in excess of the imports of 1870.

Statement of net imports, less re-exports, and exports, and excesses, each of the other, from 1855 to 1873, inclusive.

Year.	Net imports, less re-exports.	Exports, gold value.	Excess of exports over imports.	Excess of imports over exports.
1855.....	\$233,020,227	\$246,708,553	\$13,688,326	
1856.....	298,261,364	310,586,330	22,324,966	
1857.....	336,914,524	338,985,065	2,070,541	
1858.....	251,727,008	293,758,279	42,031,271	
1859.....	317,873,053	335,894,385	18,021,332	
1860.....	335,233,232	373,189,274	37,956,042	
1861.....	332,093,960	228,690,486		\$103,403,474
1862.....	261,300,966	210,688,675		50,612,291
1863.....	226,796,336	241,997,474	15,201,138	
1864.....	309,308,194	243,977,589		65,330,605
1865.....	216,441,495	197,092,093		19,349,402
1866.....	430,770,041	420,161,476		10,608,575
1867.....	391,121,801	337,560,517		53,561,284
1868.....	351,214,010	333,135,875	1,921,865	
1869.....	411,896,374	318,082,663		93,813,711
1870.....	431,950,423	420,500,275		11,450,148
1871.....	513,033,809	512,802,267		231,542
1872.....	617,569,017	501,285,371		116,283,646
1873.....	635,467,636	578,938,985		56,528,651

Gentlemen will have noticed that notwithstanding we have reduced our tariff from year to year, the imports have not only been increased but also the customs receipts up to within the last year or two. But when we compare these imports with the exports we find that since the year 1864 the imports have exceeded the exports at a gold value, inclusive of the gold coin and bullion that have been exported, by over \$400,000,000. We have not only imported \$400,000,000 worth of merchandise and commodities more than we have exported, but in addition three or four hundred millions of coin; and I include that as one of our exports because it is one of the products of the country, just as much as any other product that comes from the soil or from the mines of the country. Well, now, under this state of things, is it likely that the imports will continue to that extent? I think not.

1857 AND 1873 COMPARED.

A parallel has been run between the condition of the country now and its condition in 1857, and there is a similarity in many particulars.

The customs receipts, total revenues, and net ordinary expenditures for three years prior to the close of the fiscal year ending 1846, and for five years prior to the year ending 1857, will appear in the following exhibit from Treasury reports:

Year.	Customs receipts.	Total receipts.	Net ordinary expenditures.
1844.....	\$16,183,570 94	\$29,320,707 78	\$30,650,108 01
1845.....	27,528,112 70	29,941,853 90	21,895,369 61
1846.....	26,712,667 87	29,699,967 74	26,418,459 59

The receipts and expenditures rose under the tariff of 1846 to the following figures:

Year.	Customs receipts.	Total receipts.	Net ordinary expenditures.
1853.....	\$58,931,865 52	\$61,483,739 31	\$44,078,156 35
1854.....	64,224,190 27	73,800,341 40	51,142,138 42
1855.....	53,025,794 21	65,350,574 68	56,312,097 72
1856.....	64,022,863 50	74,056,699 24	60,333,836 45
1857.....	63,875,905 05	68,965,312 57	65,032,559 76

There had been at that time a large increase of importation and business, as the tables clearly show. The balance of trade was in our

favor from the year 1855 to the year 1860, and notwithstanding that we were reducing our public debt largely. The customs duties which, in 1844 amounted to \$16,000,000, in 1845 to \$27,000,000, and 1846 to \$26,000,000, amounted in 1853, under what was called the low tariff of 1846, to \$49,000,000 and in 1857 to \$63,000,000. During those years the imports were less than the exports.

As imports increased the public debt, largely augmented by the Mexican war, diminished. Contrast the diminution of the one with the swelling volume of the other:

Year.	Public debt.	Net imports.	Year.	Public debt.	Net imports.
1844.....	\$23,461,652 50	\$96,950,168	1853.....	\$59,803,117 70	\$250,420,187
1845.....	15,925,303 01	101,907,734	1854.....	42,242,222 42	280,813,867
1846.....	15,550,200 97	110,345,174	1855.....	35,586,958 56	233,020,227
			1856.....	31,972,537 90	298,261,364
			1857.....	28,699,831 85	336,914,524

In six years the public debt had been reduced from \$68,304,796.02 to \$28,699,831.85—nearly \$40,000,000. At the same rate of reduction in four years it would be extinguished.

In 1853 it was \$59,000,000; in 1854, \$42,000,000; in 1855, \$35,000,000; in 1856, \$32,000,000, and in 1857, \$28,000,000. It seemed unnecessary to continue the taxation at the rate imposed, although not excessive. In 1857 Congress thought it expedient, wise, and safe to reduce the tariff. Duties on imports were lowered and many dutiable articles made free. In their judgment they had every reason to believe at that time that the receipts from customs and other sources would be sufficient to meet the expenditures of the Government. But such was not the case, from two causes: one an increase in the expenditures of the Government; another, a diminution of the amount of commodities imported. The amount of imports in 1856 was \$298,000,000; in 1857, \$336,000,000; in 1858, \$252,000,000; in 1859, \$318,000,000; in 1860, \$335,000,000; and in 1861, \$332,000,000. And it did not recover from the panic of 1857 in part, perhaps in part because of the war, nor did importations again reach to the figures of 1857, until the year 1866.

The falling off of the revenue during the present fiscal year has been chiefly in customs receipts; and the importation of articles paying high rates of duties, such as iron, silk goods, articles of luxury, &c., has notably diminished.

I append a table showing the currency value of some of the leading commodities of the country exported during the last few years to foreign countries:

Statement of the values of the principal domestic exports from the United States for fiscal years 1866, 1872, and 1873.

Articles.	1866.	1872.	1873.	Average.
Not specified.....	\$50,959,320	\$63,289,643	\$70,977,811	\$53,122,093
Breadstuffs.....	41,249,054	84,586,273	98,318,599	67,318,992
Provisions.....	29,235,237	59,414,227	78,197,241	40,055,960
Tobacco.....	31,438,561	26,659,921	25,331,946	25,016,153
Cotton.....	283,165,398	182,988,925	230,190,597	210,164,723
Petroleum.....	24,830,887	34,058,390	41,971,190	30,832,887
Wood manufactures.....	13,402,892	15,240,872	19,119,802	14,944,351
Iron and steel.....	3,759,554	7,709,989	11,119,831	6,490,688
Coin.....	82,643,374	75,271,478	73,905,546	67,719,462
Total.....	550,684,277	549,219,718	649,132,563	515,926,561

DIMINISHED IMPORTATION TO BE EXPECTED.

Now, in my judgment, we may expect a diminished importation for the future. For the last eight years the average exports at currency value have been only \$515,000,000; reduce that amount to coin value and you will have, perhaps, something from \$470,000,000 to \$480,000,000. We cannot continually import largely in excess of our exports under the laws of trade or the course of business. Our exports must largely increase or our imports largely diminish. For these reasons I think that our imports will probably be much below \$600,000,000, probably not exceed an average of \$550,000,000, if they reach that figure. True, the receipts will probably continue to increase with the growth of the country. But there is this to be considered, that as the revenues increase by reason of the growth of the country, or of the elasticity, so called, of the revenue, the expenditures, for the same reason and under the same law referred to by the gentleman from Ohio [Mr. GARFIELD] in remarks he made during the last Congress, will also annually and unavoidably increase.

The chairman of the Committee on Appropriations [Mr. GARFIELD] has stated to the House that, in his judgment, the necessary unavoidable expenditures of the Government for the next fiscal year, exclusive of any payment upon the sinking fund, will amount to \$270,000,000. The interest on the public debt, including the interest upon the Pacific Railroad bonds, which the Government has to pay, and which will be about \$3,000,000, will amount to \$101,000,000. That would leave the necessary and unavoidable expenditures of the Government, aside from that required for the interest and principal of the debt, about \$169,000,000, or \$170,000,000. But still, with the addition to the Treasury resources from estimates I have made, there must, it seems to me,

upon the basis of expenditures estimated to be required by the chairman of the Committee on Appropriations, as in his judgment the lowest sum possible to carry on the Government during the next fiscal year, be a deficit, unless we have reason to expect that from some cause the receipts into the Treasury will exceed what they have been for the last fiscal year, or what they are at the present time. There must be a reduction of expenditures below the limit he assigns if increased taxation is to be avoided.

Now, I have taken the pains to look over a few years to see what have been the appropriations made by Congress. During the last six years I believe we had as members on the Committee on Appropriations men who have acquired a national reputation. If I may refer to them by name, there was one from my own State, known as "the watch-dog of the Treasury," (Mr. Washburne, our present minister to France,) because he opposed all unnecessary expenditures. Go back to the time when he was chairman of the Committee on Appropriations in the Fortieth Congress; go back to the Forty-first Congress, when our present distinguished chairman of the Committee on Ways and Means [Mr. DAWES] was then the chairman of the Committee on Appropriations, and was supported by members of his committee in watching the expenditures. Take also the time when the present chairman of the Committee on Appropriations was chairman of that committee [Mr. GARFIELD] for the Forty-second Congress. During those years you will find that the average of the annual appropriations was \$166,000,000, including the direct appropriations made during the year, and the deficiency appropriations made subsequently for those years. I have here a statement of the actual appropriations, which do not include the permanent appropriations, which would swell the amount by \$5,000,000 or \$6,000,000. The amount now appropriated for the customs, and which was not then included in the appropriations, is not included in the statement.

I desire to call attention to these figures, because they refute and disprove conclusively the statement made by the gentleman from New York [Mr. WOOD] a few moments ago, that Congress just preceding an election appropriates a small amount, and then after the elections the republican Congress makes up by appropriating large amounts in deficiency bills. The appropriations for the year 1868 were made during the Congress that assembled in December, 1866. The appropriations made for the fiscal year ending June 30, 1870, were made in the year 1868. And I invite the attention of gentlemen to these tables.

The minimum appropriations were after and not before presidential and congressional elections. There was not a show of economy in the appropriations before the election, followed by large deficiency bills subsequent to the election.

Statement (including deficiencies) of appropriations made for the years 1868 to 1874, inclusive.

Year.	Amount.	Deficiencies.	Total.
1868	\$133,533,397 30	\$12,839,196 21	\$145,162,789 97
1869	147,716,689 64	20,763,270 94	168,479,960 58
1870	130,956,506 96	15,400,495 46	146,357,002 42
1871	157,199,271 12	11,263,131 04	168,462,402 16
1872	160,841,951 61	7,299,360 71	168,141,312 32
1873	167,499,735 59	12,978,418 60	180,478,154 19
1874	184,941,878 78		184,941,878 78

Yearly average, \$166,003,357.20.

I have no fault to find with any gentleman who seeks to remedy the present condition of the Treasury by reducing expenditures. I do not know but that economy alone will bring relief; I hope it will, and am ready to aid efforts in that direction.

It was not my judgment in the last Congress, nor that of a majority of the Committee on Ways and Means, that so great a reduction should be made in the revenues as was effected by the legislation of 1872. The Committee on Ways and Means in reporting their bill to the House proposed a reduction of only about \$32,000,000. The proposed reductions on the basis of quantities imported and internal taxes received during the preceding year were estimated as follows:

Tea	\$2,348,639
Coffee	2,949,309
Coal	322,881
Salt	615,522
Leather	529,258
Iron, steel, and manufactures thereof	2,890,762
Wool and woolsens	5,517,275
Cotton manufactures	788,724
Copper, and manufactures of	39,611
Lumber	761,801
Chemicals, drugs, &c.	584,862
All other articles	29,127
Free list	1,584,667
	18,952,438
Internal revenue:	
Tobacco	\$6,720,000
Gas	2,573,123
Bank checks	1,250,000
Matches	2,250,000
Agreement stamps	100,000
	12,893,123
Total	31,845,561

At that session, prior to the introduction of the committee's bill, I sustained the views then expressed by the chairman of the committee, [Mr. DAWES,] insisting that it was unsafe and unwise to deplete the Treasury to the extent demanded by others. I urged that from unexpected changes in the business condition of the country and from unforeseen causes the revenues might be found as they were subsequent to 1857, insufficient to maintain the credit of the Government, inadequate to defray its actual necessary expenses and meet the yearly demands of the sinking fund.

The House was impatient to reduce revenues. It was popular to repeal taxes regardless of the necessities of the Treasury. The duties were wholly removed from tea and coffee. The conservatism even of members of the committee was shaken. The chairman of the committee himself criticised the reduction proposed as not sufficient. He said, when reporting the bill and expressing his own preference for a total repeal of internal taxes except upon tobacco and spirituous and fermented liquors, and for a larger and broader free list than the bill contained:

And I would have preferred in doing this that the aggregate of the reductions should have reached, as I hoped it might, instead of the sum of \$31,845,561 at least forty to forty-five million dollars, which I believe the revenues of the future will justify.

The bill passed the House making the reductions as estimated on—

Dutiable articles	\$11,076,629
Free list	2,676,093
Tea and coffee free	15,893,846
Total customs	29,645,778
Internal revenue	13,988,000
Total reduction	43,633,778

The Senate modified and increased the amount of reduction both in customs and internal taxes, and finally both Houses agreed to a conference report, and passed the bill as it now stands in the law, making an estimated reduction as then explained by the chairman of the Finance Committee of the Senate, [Mr. SHERMAN,] in—

Customs duties	\$31,669,259
Internal revenue	13,988,000
Total reduction	53,057,259

The estimated reductions of the laws of 1872 exceeded the amount recommended by the majority report of the Committee on Ways and Means of the last Congress by over \$21,000,000. It is true that these reductions relieved taxation to an equal extent, and in case of many of the customs duties afforded still greater relief to consumers of similar products. But I do not propose at this time to discuss that subject.

TEA AND COFFEE.

There are many points which, in an hour's time, one can but touch upon. Some of these it would be interesting to discuss, but I do not propose to trespass upon the time of other gentlemen. I will, however, in this connection, notice a remark made by the chairman of the Committee on Ways and Means, [Mr. DAWES,] and which has been reiterated here by the gentleman from Ohio, [Mr. GARFIELD,] the chairman of the Committee on Appropriations. It is a matter which will be pertinent to the discussion, and which we may hereafter be called to consider, perhaps in this Congress, if we find that we cannot keep down expenditures. In that case it may become our duty to decide how we shall provide revenue. When that question comes up, it will be pertinent to inquire, after examining the history of our legislation, what effect it has had upon the business of the country.

It has been stated here by the gentlemen to whom I have referred that the removal of duties on tea and coffee caused no reduction in the price of those articles to the consumer. I want to say here, and I challenge denial or contradiction, that figures taken from the market reports show that such is not the case. I do not say this as an argument against the reimposition of those duties, but to correct a statement that is made a basis of argument here and elsewhere.

I have here the prices for July and August of the various grades of coffee, showing the prices in 1872, when the act went into effect. In June the price of Rio coffee was 21.17 cents per pound, and in July it was 18.17, a reduction of 3 cents, just the duty repealed. The act went into effect on the 1st day of July. It is true that since then the price has increased, and that it is now much higher, having been in December 23.18 cents. In consequence of short crops the price has been increasing; but it is not the fact that the price did not fall with the decrease of duty.

ECONOMY.

I have no criticism to make upon those gentlemen who point out specific and adequate economical measures, or the details and items whereby a Treasury balance can be maintained, and the receipts made sufficient to defray the necessary expenditures of the Government.

There were one or two suggestions made by the chairman of the Committee on Ways and Means in reference to public expenditures indicating action for Congress, methods by which economical purposes could be carried into effect, to which I desire at this time to call the attention of the House. The chairman of the Committee on Ways and Means [Mr. DAWES] suggested that there would be, according to the Treasury statement, a deficit somewhere in the

neighborhood of \$50,000,000. I think that was his conclusion—from \$40,000,000 to \$50,000,000, on the Treasury showing. Now, if that is the condition of the Treasury, if it will lack \$40,000,000, we ought to be very glad to have pointed out to us in what way we can save the \$40,000,000.

PUBLIC WORKS.

I have examined some of the items that our chairman has referred to. One is by postponing the prosecution of certain public works. Unnecessary works should be not only postponed, but postponed indefinitely. But it is the duty of the Committee on Ways and Means to look into the future, to consider the probable condition of the Treasury, not only at the end of this fiscal year and the next, but on from year to year. It is not sufficient to postpone these expenditures for this year. If unnecessary, we should dispense with them entirely. I do not know how much we can save in that direction. The Committee on Appropriations propose a reduction of some \$11,000,000; and the House, I dare say, will applaud and sustain their effort.

COST OF COLLECTING REVENUE.

Other specific modes of saving were enumerated, one being the reduction in the cost of collecting the revenue. I think the chairman of our committee made a mistake in his statement as to the cost of collecting the revenue for the last few years. I will not stop to read his remarks; but I will say that, upon examination of the finance reports since 1868, I find the following to have been the expenses for collecting the revenue. In 1868 the expenditures were \$7,615,675.45; in 1869 the expenses for the same purpose were \$5,376,738.13; the importation of merchandise for the same year amounting to \$417,000,000. In 1870 the cost of collection was \$6,237,137.25; the amount of importations \$435,000,000. In 1871 the cost of collection was \$6,560,672.61; the amount of importations \$530,000,000. In 1872 the cost of collection was \$7,079,743.42, while the merchandise imported amounted to \$642,136,210.

The following statement from the Treasury reports shows the cost of collecting the customs duties and the value of imported merchandise:

Cost of collecting the customs duties, &c.

Year.	Expenses of collection.	Value of imported merchandise.
1868.....	\$7,615,675 45	\$357,436,440 00
1869.....	5,376,738 13	417,506,379 00
1870.....	6,237,137 25	435,958,408 00
1871.....	6,560,672 61	530,223,684 00
1872.....	6,950,189 81	626,595,077 00
1873.....	7,079,743 42	642,136,210 00

Now, it is not fair to judge the administration of the Government, either its extravagance or its economy, by the amount expended in the collection of customs duties, unless you compare therewith, as I have done, the amount collected. A portion of these imports are of course free goods; but these free goods go in great part through the same formalities as dutiable goods. They must be entered, they must be invoiced, they must be examined; nearly the same amount of machinery is required in the importation of free goods as in the importation of dutiable goods. The expenditures for collecting customs have not kept pace with the increase of merchandise imported; nor have they kept pace with the increase of dutiable goods imported; and while the expenditures during the last four years have increased only about one-seventh, the importations have increased 50 per cent., being about \$435,000,000 in value in 1870, and \$642,000,000 in value in 1873. If the expenses amounted to the sum of \$8,000,000 for 1873, as stated, the increase would even then be far below the proportionate increase of importations.

Perhaps the distributive share of fines, penalties, &c., may have been treated as Treasury expenditures, but those must vary and increase from year to year with the amount of frauds detected and penalties and forfeitures incurred during each year. They are no legitimate expenses, to be charged up and compared with former years as proof of the extravagance in collecting customs. The amount of distributive shares of fines, penalties, and forfeitures for the last five fiscal years has been as follows:

1869.....	\$277,079
1870.....	237,796
1871.....	488,156
1872.....	353,427
1873.....	626,156

An equal amount, besides all unpaid duties, has accrued from this source to the Treasury.

REDUCTION OF CUSTOMS DISTRICTS.

There was another suggestion made by the chairman of the Committee on Ways and Means, upon this point—the abolition of unnecessary customs districts. My colleague on the committee, the gentleman from New York, [Mr. E. H. ROBERTS,] has stated that the committee were already considering the subject, and will not hesitate upon examination to recommend the abolition of useless custom-houses or customs districts wherever in the interest of economy they can be dispensed with to the public advantage. But while I do not know what may

be the case in respect to the possibilities of reducing the districts on the sea-board, I say that when you come to the Mississippi Valley there is one consideration that the House and the gentleman himself should bear in mind. As long ago as 1832, going back to the old democratic administrations, there were established in the collection district of New Orleans, which was a port of entry, ports of delivery for the convenience of the people as well as the interests of the Government. These ports of delivery were established upon the Mississippi River and its tributaries from point to point, extending to the eastern, western, and northern branches of the river, reaching in one case to Pittsburgh, Pennsylvania, on the east, and as far as the settlements and commerce had extended on the north and west, for the delivery of goods which were simply entered at the custom-house at New Orleans and were allowed to pass on in bond, the duties being paid either at the port of entry or the port of delivery, as might be found most convenient for the shipper or the business of the country. At the same time certain districts were established, not so much for the collection of customs duties as for the regulation of the great navigation interests of the Mississippi, the tonnage upon that river amounting to a large percentage of the tonnage of the country; all this navigation being regulated and controlled by the laws of the United States, vessels being required to be licensed and enrolled in the proper districts to pay their hospital dues and tonnage dues.

The gentleman from Massachusetts, in his remarks, instanced some of these custom-house districts which paid no customs revenue to the Treasury of the United States. Among them he named one I am familiar with, and perhaps I might enumerate several similarly situated along the Mississippi River. He mentioned one at Galena, which was established in 1852, when—and I say that for the benefit of my democratic colleagues and friends—Mr. Campbell, a democrat, represented that district upon this floor. They established a district there, made Galena the port of delivery, and, as is usual in those cases, gave the surveyor—which all the surveyors, I believe, on those waters still have, except at ports of delivery, created within late years—the enormous and extravagant salary of \$350 a year and his fees. Well, now, I find that port, named as one of the non-paying and useless ports, actually paid within the last five years into the Treasury \$42,000 collected from inspection, licensing of pilots and engineers, tonnage duty, fines, forfeitures, marine-hospital fees, &c., while the expenses were only \$5,620.

Here is the exhibit that the Treasury reports show for the custom-house at Galena:

Receipts for past five fiscal years.

Source.	1869.	1870.	1871.	1872.	1873.
Tonnage duty.....	\$4,158 19	\$4,095 58	.....	.....	.....
Inspection of vessels.....	985 08	980 41	\$875 19	\$589 15	\$326 93
Marine-hospital fees.....	1,215 99	1,023 45	1,527 40	2,251 17	4,375 00
Licensing pilots and engineers.....	3,140 00	3,130 00	3,700 00	3,985 00	578 83
Miscellaneous.....	2,000 00	1,060 00	1,328 95	1,180 00	340 00
Total.....	11,499 26	10,279 74	7,431 54	7,985 32	5,620 76

Total receipts for five years..... \$42,967 37
Expenditures for five years, at \$950 per year..... 4,795 00

Balance covered into United States Treasury..... 38,172 37

I only call attention to this as a criticism on the table in the printed remarks of the chairman presented, so far as relates to one district with which I am familiar; and while I am not familiar with all the districts of the country, I am told that the same facts exist in regard to quite a number of the districts referred to. Possibly we shall find that the necessity and business which required at an early day the establishment, has justified the maintenance of most, if not all, the customs districts, so that extravagance in that particular is in appearance more than reality. The closing of the first seventy ports he enumerated would save \$300,000 disbursed to employés. But the trade and commerce of the country might be discommoded and damaged to a larger amount.

CONSOLIDATING NAVY-YARDS.

The consolidation of navy-yards was suggested. I shall not have time, Mr. Speaker to discuss that question. I think the specific saving which the gentleman from Massachusetts claimed would result from the proposed consolidation was \$36,000. It would be well to try to save that much. "Take care of the pence and the pounds will take care of themselves," is the old adage. That will not, however, reach a great way toward meeting the millions of deficit which the Treasury receipts seemed to threaten.

PAYING PENSIONS.

Another proposition was to reduce the fees of pension agents. Well, if we can save the poor pensioners anything by a modification of our laws, let us do it. I recollect when we passed that law in 1870, when it was proposed to have the postmasters pay the pensions, Mr. Benjamin, of Missouri, then the chairman of the Committee on Pensions, one of the most economical members we ever had in this House, insisted this was the best method for the Government to prevent fraud, and as economical as any method that could be proposed. And the Committee on Pensions, who are competent to decide upon that question, I presume, will be prepared to discuss it whenever it comes be-

fore the House. But for the present I only want to say this: that I do not see how that is going to replenish or keep up the Treasury resources when the pension agents' fees cannot go into the Treasury and have no connection with it.

POST-OFFICE EXPENDITURES.

As regards the post-office expenditure, I cannot stop to dwell upon that. I know that the expenditures in the Post-Office Department have increased, and so have the mail facilities. The time in which letters and newspapers are carried from New York City to Chicago has been reduced now to less than two days, and I prophesy that before this year expires, or at least within a very few years, we shall see the mails carried between Chicago and New York in a much less time. Those facilities are for the advantage of the people, but of course they cost something.

Mr. GARFIELD. If the gentleman will allow me to interrupt him for a moment at this point I would say that it is now in contemplation to put on a fast post-office train between New York and Chicago that shall make that distance in twenty-four hours, and I suppose it will be done before the close of this quarter. I hope it will.

Mr. BURCHARD. If that is done it will be worth millions to the business of the country. To shorten the time between those two important commercial points, will be a benefit not merely to Chicago, but to the whole Northwest, the mails of which pass through that city. And it is necessary with the growth of the country to increase to some extent some of those expenditures, practicing at the same time a wise economy. If there be any useless expenditure cut it off.

MATURING OBLIGATIONS TO BE PROVIDED FOR.

But I shall not detain the House longer upon this branch of the subject, because I wish to present now another phase of this discussion. The exhibit of the Treasury that has been made by other gentlemen upon this floor has presented to their minds, or has suggested to gentlemen who have not yet addressed the House, that the way to meet the deficiency in the Treasury is to issue the obligations of the Government, either in notes intended to circulate as money or in the form of bonds. Mr. Speaker, I am opposed to that, for two or three reasons. I do not think we can afford to do it. I found, and you will find on looking at the debt statement, that within eight years of the present time a large amount of the bonded debt of the Government becomes absolutely due and payable.

When will the obligations of the Government, payable in the future, fall due? What provision is necessary to meet maturing indebtedness? Look at the last Treasury statement. Its exhibit shows the following:

Statement for the month of February, 1874, of the public debt bearing interest in coin.

Title of loan.	Rate of interest.	After what time redeemable.	When payable.	Total.
	Percent.			
Loan of 1858.....	5	Jan. 1, 1874.	.....	\$260,000 00
Loan of February, 1861.....	6	.....	Dec. 31, 1880	18,415,000 00
Oregon war debt.....	6	.....	July 1, 1881..	945,000 00
Loan of July and Aug., 1861.....	6	June 30, 1881.	.....	189,321,350 00
Five-twenties of 1862.....	6	May 1, 1867..	May 1, 1882..	168,593,150 00
Loan of 1863, ('81's).....	6	June 30, 1881.	.....	75,000,000 00
Ten-forties of 1864.....	5	March 1, 1874.	March 1, 1904.	194,567,300 00
Five-twenties, March, 1864.....	6	Nov. 1, 1869..	Nov. 1, 1884..	946,600 00
Five-twenties, June, 1864.....	6	Nov. 1, 1869..	Nov. 1, 1884..	58,046,900 00
Five-twenties of 1865.....	6	Nov. 1, 1870..	Nov. 1, 1885..	152,634,350 00
Consols of 1865.....	6	July 1, 1870..	July 1, 1885..	202,633,100 00
Consols of 1867.....	6	July 1, 1872..	July 1, 1887..	310,654,400 00
Consols of 1868.....	6	July 1, 1873..	July 1, 1888..	37,474,000 00
Funded loan of 1881.....	5	May 1, 1881..	.....	310,870,250 00
Funded loan of 1886.....	4½	May 1, 1886..	.....	.....
Funded loan of 1901.....	4	May 1, 1901..	.....	.....
Total.....				1,720,360,700 00

These bonds mature within the following years:

Eight years, absolutely payable 6 per cents.....	\$192,018,350
Eight years, payable at pleasure 6 per cents.....	264,321,350
Eight years, payable at pleasure 5 per cents.....	505,221,700
Ten years, absolutely payable 6 per cents.....	58,992,800
Eleven years, absolutely payable 6 per cents.....	355,267,450
Thirteen years, absolutely payable 6 per cents.....	310,654,400
Fourteen years, absolutely payable 6 per cents.....	37,474,000

The principal of the interest-bearing indebtedness, payable in coin, amounts to \$1,720,360,700, \$1,214,663,150 of which bears interest at 6 per cent., and \$505,000,000 at 5 per cent. That statement shows that within eight years there become absolutely payable \$192,000,000 of the 6 per cent. bonds, and in the same time, at the pleasure of the Government, \$264,321,000 of 6 per cent. and \$505,000,000 of 5 per cent. bonds. In ten years \$58,000,000 more of the 6 per cent. bonds become due absolutely; in eleven years, \$355,000,000; in thirteen years, \$310,000,000; and in fourteen years, \$37,000,000. These become due absolutely, besides about \$769,000,000 becoming due within that time at the pleasure of the Government.

But for the able management of the Treasury by the late Secretary, within eight years over \$500,000,000 matured 6 per cent. bonds would have to be provided for.

By prudent financial legislation in accordance with his policy, and

negotiations protracted but successful, over \$300,000,000 of 6 per cent. bonds absolutely payable were converted into 5 per cent. bonds payable after ten years at the pleasure of the Government.

While the syndicate seems to have brought little profits to its members, it not only relieved the people by a reduction of the annual interest burden, but provided in advance and postponed the payment of maturing obligations which the revenues will not suffice nor the sinking fund be able to discharge.

SINKING FUND.

The sinking fund approximately requires for the present year about \$29,000,000, and for the next fiscal year \$30,000,000, the requirement of the sinking fund being 1 per cent. upon the interest of the public debt, and the interest upon so much of the sinking fund as has been already paid. If, then, we pay our debts by paying the 6 per cent. bonds, there will be an addition to the sinking fund each year of about 5 per cent. of itself.

The following is a statement of estimated amount required to be paid each year on the sinking-fund account if the public debt is diminished each year by redemption of 6 per cent. bonds to the amount of the sinking fund:

Fiscal years—	Annual amount.	Total.
1875.....	\$29,918,856	.....
1876.....	31,414,798	\$61,433,654
1877.....	32,985,537	94,419,191
1878.....	34,634,814	129,054,005
1879.....	36,365,555	165,419,560
1880.....	38,183,833	203,603,393
1881.....	40,093,024	243,696,417
1882.....	42,097,675	285,794,092
1883.....	44,202,558	329,996,650
1884.....	46,412,570	376,410,220
1885.....	48,733,198	425,143,418
1886.....	51,169,857	476,313,275
1887.....	53,728,350	530,141,625
1888.....	56,414,797	586,555,422

The sinking fund will require more and more every year, and will, I think, keep pace with the elasticity of the revenue and the growth of the country. The sinking fund itself, at the end of eight years, will lack \$160,000,000 of paying the 6 per cent. bonds then due at the pleasure of the Government. What must the Government do? If it cannot pay them off or refund them at a lower rate of interest the bonds must run on at 6 per cent. interest. At the end of eleven years \$600,000,000 of 6 per cent. bonds will have become absolutely due, and the sinking fund will then be nearly two hundred millions short of paying what we shall be required at that time to pay to meet the requirements of the sinking fund, for the payment of which in the dark hours of our nation's history we solemnly pledged the Government and the faith of the nation. Now, we must provide for that \$200,000,000 in one of two ways. We must do it either by keeping up the credit and faith of the Government and our pledges, so that we can refund our debt at a lower rate of interest or else by putting from year to year taxation so high that we will have by that time, or before that time, money enough to pay it. I for one, not only on principle but from policy, am in favor of maintaining the credit and honor of the Government. The honor of a nation is not like that of an individual, although that is sacred to each man personally.

What does the sinking fund require?

I will read to the House the act of February 25, 1862. It substantially required customs duties to be paid in coin, and so much as might be necessary for the payment in each year of 1 per cent. of the entire debt, and the interest on such payment to be applied annually to the reduction of the debt.

CREATION OF THE SINKING FUND.

The act authorized the issue of legal-tender notes and five-twenty 6 per cent. bonds. It was entitled "An act to authorize the issue of United States notes, and for the redemption or funding thereof, and for funding the floating debt of the United States."

Section 5 provided—

That all duties on imported goods shall be paid in coin or in notes payable on demand, heretofore authorized to be issued and by law receivable in payment of public dues, and the coin so paid shall be set apart as a special fund, and shall be applied as follows:

First. To the payment in coin of the interest on the bonds and notes of the United States.

Secondly. To the purchase or payment of 1 per cent. of the entire debt of the United States, to be made in each fiscal year after the 1st day of July, 1862, which is to be set apart as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall from time to time direct.

Thirdly. The residue thereof to be paid into the Treasury of the United States.

This pledge, given by the nation to all subsequent purchasers and holders of its obligations, requires collection of duties in coin sufficient, first, for the payment in coin of the interest on bonds and notes of the United States; secondly, to purchase or pay in each fiscal year 1 per cent. of the entire debt of the United States and the interest upon the yearly amount so purchased or paid.

What is meant by payment or purchase yearly of 1 per cent. of the entire debt, to which sufficient customs duties, payable in coin, are

pledged? It means the reduction of the debt each year to that extent. Is the promise performed by the substitution of one form of obligation for another? Is national faith maintained if revenues are permitted to fall below necessary expenditures?

The law requires the purchase or payment in each year of 1 per cent. of the entire debt. It does not specify the bonded debt. It says the entire debt. It was prospective. It was intended to secure the funding of the floating debt, to keep up the credit of the legal-tender notes, and to facilitate their conversion into United States bonds.

The payment on the sinking-fund account was to be made within each fiscal year after July 1, 1862. It was to commence after that date and continue until the debt was discharged.

The payment was to be made in each year out of the coin received from customs duties set apart for that purpose.

Shall we have performed our duty as legislators and maintained the credit and honor of the nation if, instead of reducing the debt annually by the amount required for the sinking fund, we are content with the issue of additional obligations to meet current expenditures? No; every honest debtor would say no. If revenues are decreasing, we must consider whether the deficit will be temporary or permanent. Expenditures should be kept at all events at the lowest economical limit, and, if then, in excess of the probable annual income, we must provide additional revenues. Taxation is better than dishonor.

PRACTICAL DUTY.

Commercial integrity is the pride of the merchant. Strong men, whose good names have been assailed and honor impeached, have drooped and sickened and died broken-hearted. Reverence and love for one's native city or State is praiseworthy; but respect and zeal for national reputation and honor are noble and patriotic. Let us ever glory in and cherish and sustain the just pride Americans take in their country's past history and character. Men willingly lay down their lives fighting for the honor of their country. It should be the patriotic feeling of every soul that the honor and credit of the Government must be sustained. To do this, the credit and faith of the nation, which it pledged in regard to the sinking fund, must be religiously maintained.

It is proposed that the people shall assemble at the birthplace of the Republic to celebrate the centennial anniversary of the Declaration of Independence. What will be their proudest boast? Will it be their country's vast extent of territory; its rapid increase in population; its magnificent development in material resources; its increased facilities for intercourse between distant cities, and the commercial interchange of products; its wide diffusion of knowledge and its splendid systems for free education? These indeed will be matters of pride and gratulation. They are, however, but indices, and not essential elements of national character and real greatness. Some of the smallest states have been the most illustrious recorded on the page of history. A nation possessing all these, but lacking national morality, integrity, and honesty, will not be grand and truly great. On that occasion it will be a prouder boast, and the highest national honor, that the United States, under all circumstances and under and in spite of every temptation, has been true to its honor and plighted word; that it has been scrupulous to maintain its solemn engagements not only with other nations but with private individuals.

Mr. BECK. Mr. Speaker, as I am entitled to the floor when the House takes up the legislative, executive, and judicial appropriation bill, in which the whole range of subjects relating to the expenditures of the Government can be legitimately discussed, and as I stand pledged then to show wasteful extravagance in expenditures, I will avoid now, as carefully as I can, all reference to the questions as to which I then intend to be heard, and confine myself to what I consider the legitimate and proper means of supplying the wants of the Government and the people, with such suggestions thereon as may occur to me. My remarks will of course be somewhat disconnected, and I ask pardon for not having a speech prepared.

I think it was well for the chairman of the Committee on Ways and Means to pursue the course he did when he laid this little tax bill before the House. It was due not only to himself, but to his committee, that he should lay before the country not only the condition of the Treasury, but the means by which our revenues were being squandered.

I agree with much that he said. I think he proved reckless extravagance, and wasteful, if not corrupt, administration of public affairs against his political associates; and he certainly proved that he and others who have for years controlled legislation, backed as they are and have been always by an overwhelming party majority, have been either false to the great trusts confided to them or incapable of managing properly interests so vast, when he had to confess before the country and the world that the whole management of public affairs is going from bad to worse year by year.

Why are these things so? Because, as the party leaders on the other side can no longer conceal and hardly deny, a set of vampires, in the form of rings, monopolists, bankers, bondholders, post-office and Treasury leeches, custom-house, navy-yard, and other corruptionists, have fastened themselves on the body-politic, and are silently but surely sucking the life-blood from a disorganized, impoverished, and helpless people.

So long as the downtrodden masses could be made to feel either

that there was danger in making a change in the administration of public affairs, or that their material prosperity would be preserved and maintained notwithstanding all they saw and felt of maladministration, the party leaders were secure; but when the panic of last summer brought poverty to their doors in the midst of bountiful harvests, when the workshops were closed, and the wives and children of men ready and willing to labor were crying for bread, people began to look into the causes which produced calamities and sufferings like these in a way they had never looked before, and they began to understand that great and flagrant wrongs had been done, and grievous evils heaped upon them by the men they had trusted with power.

The leaders of the party may well quail; they may cry aloud now for retrenchment and reform. They cannot reform if they would, and the corruptionists who control even the party leaders would not if they could.

After all the exultations and laudations which the partisan press—paid, of course, liberally for its flattery—had from day to day for years poured out in praise of the magnificent fiscal policy whereby the national debt was being reduced with such wonderful rapidity, a clap of thunder from a cloudless sky could not have startled the country more than the announcement not only that the national debt was being increased, but that the Treasury of the United States was in imminent danger of bankruptcy.

No sooner had Congress convened than the Secretary of the Treasury rushed to the Committee on Ways and Means with a demand for increased taxation—\$42,000,000 was the amount suggested, if not distinctly demanded; and the fact was developed that the Secretary, without consulting Congress, was reissuing legal-tender notes which by law he had been required to retire, and when retired was peremptorily ordered to cancel. The committee was thus met at the very threshold of its proceedings and deliberations with serious embarrassments.

I may not speak for all the members of that committee; each will, by speech or vote, declare his purpose; but for myself I determined, after as full investigation as I could make, that it was not necessary either to increase the burdens of the people by taxation, or to create any more interest-bearing debt, and I avowed my determination promptly on the floor not to vote for either.

While that was so, I did not see my way clearly in what I greatly desired, the reduction of taxation, except in such cases as by the removal of protection the revenue would certainly be increased by reduction. That did not apply to internal-revenue taxation; so that I was forced to report against the removal of the taxes on matches and bank-check stamps, much as I desired the removal of them, because I could not see how \$5,100,000, the amount which would be lost to the Treasury, could be supplied by any act Congress would be likely to pass; and I was not prepared to say that it was safe to reduce the revenue even to that extent, in that form, unless it was otherwise supplied.

A careful examination into the condition of the finances developed to my mind that the Secretary had lost his head; he had not rallied from the panic of last September; he had been demoralized by the failure of what he thought were mighty efforts to restore confidence. His grand scheme to return to specie payments by the distribution of a few bags of silver was a miserable and discreditable abortion; while the \$14,000,000 he flung into the maelstrom of Wall street in September, to stop the panic, was like pouring water from a cup to produce a flood in the Mississippi. Frightened by his failures, his last resource was to cling with a miser's grip to the gold he had in the Treasury; and in order to save it he reissued, as his necessities required it, \$25,000,000 of the \$44,000,000 of legal-tender notes which had been retired and had been canceled by the act of April 12, 1866. He facetiously calls it a reserve—as if any Congress, or any set of men fit to be outside the bounds of a lunatic asylum would trust any Secretary of the Treasury with despotic power over \$44,000,000 of the currency of the country, as a reserve to be used or not as he saw fit.

I was in Congress in February, 1868, when the law prohibiting further contraction was passed, and \$356,000,000 were thereby fixed as the volume of legal-tenders. So were many of you. The relations of President Johnson and his Cabinet to Congress at that time were anything but confidential. Articles of impeachment were being urged against the President. His Cabinet—at least his Secretary of the Treasury—was his friend. Will any man pretend that Congress intended, in the then condition of things, to give the President or his Secretary power to contract or expand the currency to the extent of \$14,000,000? The letter of the law negatives such an idea, the object to be attained disproves it, and the relations of the executive and legislative departments confirm the construction I maintain.

The report of the Committee on Finance of the Senate of the United States, made January 14, 1873, (see Report No. 275, third session Forty-second Congress,) after a thorough and exhaustive review of all the laws bearing upon the question, concludes thus:

A power over the currency so wide-reaching as the power to issue \$44,000,000 of new legal-tender notes is one that ought not to rest upon implication. It should not rest upon a doubtful construction of words in a law passed three years before, and used in regard to loans negotiated under widely different circumstances. Congress might well grant a power during war that it would not confer in peace. The full exercise of such a power would undoubtedly affect the nominal value of all property in the United States to the extent of at least 10 per cent., and the real value or burden as between debtor and creditor of at least 10 per cent. on all contracts to be performed

in futuro. Such a power, if given, would be by clear and unambiguous language, and should not be inferred by subtle reasoning, or depend upon the pressure of interested parties or changing views of public policy.

In all questions of construction as to the extent of power conferred by law in matters which affect the public credit or public securities, a reasonable doubt as to a grant of power should be held to exclude it. After a careful review of the subject, your committee are of the opinion that the Secretary of the Treasury has not the power to issue United States notes in excess of \$356,000,000, outstanding when the act of February 4, 1868, took effect, but he may replace with new notes all mutilated or defaced notes, and, within the limit of \$356,000,000, may exchange or replace new notes for old ones.

And your committee report the following resolution:

Resolved, That in the opinion of the Senate the Secretary of the Treasury has not the power, under existing law, to issue United States notes for any portion of the forty-four millions of the United States notes retired and canceled under the act approved April 12, 1866.

Sir, such a report as that, from such a committee, ought to have been conclusive on any Secretary, or any executive officer, as to the true meaning and construction of an act of Congress; and it would have been under any other administration than this. Now, for the first time in our history, executive officers seem to take pride and pleasure in defying all law, and in usurping power and authority in defiance of the representatives of the people.

When the President of the United States can, as he did a few years ago, undertake to re-reconstruct the Empire State of the South in spite of Congress; when by executive orders General Terry could place a railroad employé in the speaker's chair of the house of representatives of the State of Georgia, to protect and promote the schemes of men like Bullock and Blodgett in their efforts to destroy popular rights and honest administration; when he and his Attorney-General can, as they did a year ago, by force of arms and by pretended judicial orders, prepared and dictated from Washington, overthrow the once proud State of Louisiana, and lay her prostrate at the feet of their minions, what can be expected from the chiefs of staff? "Like master, like man," is an old, homely adage, but it illustrates the actual state of things now.

The Secretary of the Navy can enlist fifteen hundred men beyond the limit fixed by law, and put them into the Navy of the United States, without even telling Congress that he has done so, till forced by a resolution of the House, passed on my motion, to admit the fact. Executive Document No. 134, first session of this Congress, shows that has been done, not only without a word of remonstrance from the party leaders, but they try to hide it and cover it up. Perhaps they will see now where the \$5,000,000, out of the \$6,200,000 appropriated for the pay of the Navy for the current fiscal year, which was drawn before the first three months had expired, have gone, when they read the following—

Mr. KELLOGG. Will the gentleman allow me a question in regard to what he said a moment ago?

Mr. BECK. Yes, sir.

Mr. KELLOGG. Does the gentleman think any injury was done to the people of Georgia by General Terry's administration there?

Mr. BECK. I think it was not only a flagrant outrage against civil liberty, but such a usurpation of executive power that if it had been committed by your late unfortunate President, Andrew Johnson, not only would he have been successfully impeached, but there would not have been a man in the Senate of the United States, republican or democrat, who would have dared to vote for his acquittal. That is what I think about it.

I wish my friend from Iowa [Mr. KASSON] was here; I see the gentleman from Maine [Mr. HALE] is. They have been trying to explain why it was that over five millions out of the six millions for the annual pay of the Navy were drawn from the Treasury before the 30th day of September. All their explanations were contradictory and incorrect, as the following article will show. I have here a statement from the New York Tribune of the other day—how true it is I do not know—showing that \$1,000,000 of that money was in the hands of some banking-house, Jay Cooke & Co., or Cooke, McCulloch & Co., in London; and that the Secretary has had to take old railroad iron to try to secure himself for part of it. Let me read a portion of the article, with his order of October 21, 1873:

At the time of the panic in September last, Jay Cooke & Co., the First Division Company, and the Northern Pacific Railroad Company all went down together. The Secretary of the Navy had a large balance in the hands of Jay Cooke, McCulloch & Co.—about \$1,000,000 in all—for the payment of the naval forces in European waters. Mr. McCulloch arrived in New York soon after, and made strenuous exertions to obtain funds to prevent the London house from going down, and also to prevent Secretary Robeson from removing his accounts from them, as Mr. French testified. It was important to the London firm to continue this account, for two reasons: first, the balance was useful to them; and, secondly, if the United States had withdrawn the account the credit of the house would have been destroyed at once all over the world. The warehouse receipts, &c., representing the iron, had been deposited with Drexel, Morgan & Co., and an effort had been made to effect a loan on them, but the negotiations failed on account of the opinion of two lawyers, that under a recent decision of Judge Blatchford, the property was not safe from the creditors of Jay Cooke & Co. The negotiations having failed, the warehouse receipts, representing the iron, were deposited by Drexel, Morgan & Co., on October 20, 1873, with the firm of John Munroe & Co. as trustees for the person or persons who should have a title to them. They were afterward delivered to George F. Cutter, naval paymaster, on the order of the Secretary of the Navy. After several interviews between McCulloch and Secretary Robeson, the latter consented to retain the Government account with the house of Jay Cooke, McCulloch & Co., and received a large number of securities, among which were about sixteen hundred tons of iron, part of which was in Buffalo, a part in Du Luth, and a part in New Orleans.

This is the order and the answer of Munroe & Co.

The following correspondence shows the exercise of the right of ownership in the rails by Secretary Robeson:

NAVY DEPARTMENT, WASHINGTON, October 21, 1873.

GENTLEMEN: Please deliver iron rails held for account, as advised by you, to Pay Director George F. Cutter, New York.

GEORGE M. ROBESON.

Messrs. JOHN MUNROE & Co., New York.

Memoranda:

New rails.....	Tons.
Old rails.....	10,087 11 2 0
	4,887 12 0 17

OFFICE OF JOHN MUNROE & Co., BANKERS,
No. 8 Wall street, New York, October 27, 1873.

SIR: In compliance with your order dated 21st instant, we beg to advise that we have handed over to Pay Director George F. Cutter, of this city, the iron rails therein referred to, and hold his receipt for the same.

Very respectfully, your obedient servants,

JOHN MUNROE & Co.

Hon. GEORGE M. ROBESON,
Secretary of the Navy, Washington, D. C.

It is claimed by the plaintiffs' attorneys that the iron belonging to their clients, and secured from their bonds, can be recovered from the Secretary of the Navy on the ground that, though the warehouse receipts are regular negotiable paper, and therefore perhaps secure in the hands of an innocent holder, the Government can maintain no claim to them, as its officers have no legal right to receive securities for loans. If this plea does not hold good, they claim that the Government must exhaust its claim against the other securities which Cooke & Co. had a right to pledge before using the property of their clients.

Perhaps some account can be given of that transaction by these gentlemen. Perhaps they can account for those things. As to the truth of this matter I personally know nothing.

Mr. HALE, of Maine. Does the gentleman claim that a dollar of this money has ever been lost, or has ever been in any danger of being lost?

Mr. BECK. I will ask the gentleman from Maine, for my own information, what these things mean? How does the Secretary of the Navy come to be trading in railroad iron?

Mr. HALE, of Maine. I do not know, and I do not care, what the gentleman finds in any newspaper in New York or outside of New York. But I will say this to him, that not a dollar of this fund drawn for the pay of the Navy has ever been lost. Not a dollar of it has ever been in danger of being lost, and the Secretary has never had it placed in any quarter whatever without the amplest security.

Mr. BECK. I will ask the gentleman now, since he seems to know so much about it—I do not profess to know anything—whether or not this railroad iron was taken as security for this money?

Mr. HALE, of Maine. There never was any security taken because of any apprehended danger.

Mr. BECK. Was it taken at all? Are these orders genuine or false?

Mr. HALE, of Maine. I do not know whether it was taken or not, but I know the Secretary never fails to take ample security—as he should.

Mr. BECK. The Secretary has issued these orders, or somebody has committed forgery.

Mr. HALE, of Maine. Does the gentleman complain that the Secretary took security, or what is it that he does complain of?

Mr. BECK. What I complain of is, that he drew out of the Treasury of the United States, in the first three months of this fiscal year, over five millions of the six and a quarter millions appropriated for the pay of the Navy for the whole fiscal year, and put it in a dangerous place, where he had to take security from firms, which for some time at least were supposed to be in danger of becoming insolvent.

Mr. HALE, of Maine. The gentleman has no warrant for using the word "dangerous."

Mr. BECK. I have warrant for saying that, in regard to the firm of Jay Cooke, McCulloch & Co., they were for weeks believed to be in great danger.

Mr. HALE, of Maine. The Government has lost nothing by them.

Mr. BECK. And I have warrant for saying that the money of the Government was taken by this administration away from the old and unquestioned banking-house of the Barings, which had served the country faithfully and well since the foundation of the Government, and given to political partisans, such as Henry Clews & Co., where it was no longer safe; and I have warrant for saying that this was done because they were the tools of the Administration. And I will say further, if the gentleman wants to know it, that this very man Clews, and a man by the name of George Opdyke, were the sureties on the official bonds of the defaulting collector Bailey, and that the Government never sued either of them, at least for years after that man had defaulted for large amounts, and had gone to parts unknown. I have here the statement of the Secretary of the Treasury showing this. But I am not to be led away by these things from my line of argument.

I repeat that when the Secretary of the Treasury saw the President in such grave matters disregarding the law, and the Secretary of the Navy doing the same thing, at least in the enlistment of fifteen hundred men, and when he saw \$132,000,000, the proceeds of the sale of the property of the people, go into the Bureaus of the War Department, and spent, as they officially certify, in excess of all appropriations made by Congress, he thought he had to do something to distinguish his office and to show that he, too, would no longer be dependent on the Representatives of the people; and when he saw the Postmaster-General, as the Book of Estimates shows, spending this very

year \$500,000 out of the appropriations made by law for the year 1871—more than two years after the expiration of that fiscal year, and when that money ought to be and was legally in the Treasury, and all these things were done without question by the leaders of the Administration—then the Secretary of the Treasury supposed that he, too, could go on with impunity and defy the law; and, let me tell you gentlemen, never until your party came into power did any Postmaster-General dare to expend all the revenues collected by his Department from the people without asking an appropriation by Congress. If you go back to all the democratic and whig administrations you will find that all the revenues collected by the Post-Office Department from the people were regularly appropriated by Congress; but now they are not charged among the appropriations, in order to make the people believe that you are spending \$29,000,000 annually less than you really are. The Secretary of the Interior is trying to keep up with the others as well as he can, but even with his Indian affairs it is hard for him to keep pace with the Secretary of War and the Secretary of the Navy. The Secretary of the Treasury has, as gentlemen all know, used a fund of \$3,000,000 a year in organizing bureaus and chiefs of staff all through the Treasury Department. There are seven of them now in his own office headed by men who are only legally \$1,800 clerks, but who are being paid \$3,000, with assistants, who are sometimes \$1,400 clerks, and who are paid \$2,000 a year. The Secretary has as chiefs of staff and employés in his Department fifteen hundred persons who are not provided for by appropriation bills; and the gentleman from Massachusetts said that only four hundred were provided for by law. But the Treasury Department is a great Department, and \$44,000,000 had to be taken to show that the Secretary of the Treasury, too, could act in defiance of law, in defiance of the reports of committees, and that he could put Wall street up or down and rule politics as he saw fit. But, sir, I am again wandering from my subject and must come back to it.

The distinguished gentleman from Massachusetts [Mr. DAWES] certainly presented the demands of the Secretary of the Treasury for relief in as forcible and plausible a form as it was possible to do; his presentation of facts and figures was well calculated to alarm the House. Yet when they are carefully examined, there is nothing in them to warrant the demand either for \$42,000,000 of additional taxation, or indeed for any taxation whatever, so urgently pressed by the Secretary in his communication to the Committee on Ways and Means.

There were, as the Secretary shows, over \$131,000,000 in the Treasury on the 1st of July last, when the current fiscal year began, over \$60,000,000 of which were clear surplus and could be used by the Government for any needful purpose. The other \$71,000,000 might or might not be called for. It was on deposit; and it is likely that about that sum will always remain in the Treasury as a fund more available than the ordinary deposits in the banks of the country, on which they do business with as much confidence. But count it out altogether, \$60,000,000 was the money of the people in their Treasury, under the guardianship of the Secretary, of which \$48,000,000 were in gold.

The gentleman from Massachusetts [Mr. DAWES] shows by official figures that from July 1, 1873, to February 1, 1874, the tax-payers had furnished the Secretary with about \$166,000,000; and even the Secretary admits that \$116,000,000 more will be furnished by them before the 1st of July next, of which not less than \$170,000,000 is, or will be, in gold. The Secretary has, besides this, \$44,000,000, which he has assumed the right to use in order to enable him to continue to hoard the \$48,000,000 of gold he had on the 1st of July last; so that he has, beyond all controversy, \$386,000,000 available for the current fiscal year, of which not less than \$218,000,000 is in gold.

The total appropriations for the current fiscal year, including, as the gentleman from Ohio [Mr. GARFIELD] took so much pains to prove the other day, the whole amount of the sinking fund, which is all of the national debt we are compelled or ought to provide for, are \$319,000,000, which, with the \$4,000,000 we were fooled out of in December for the Navy by a false clamor of threatened war, make our total liabilities \$323,000,000, of which not exceeding \$128,000,000 is in gold, leaving an excess of \$64,000,000 in the Treasury at the close of the fiscal year, with the premium on surplus of gold receipts over payments in gold, to wit, \$90,000,000, or the difference between \$218,000,000 on hand and collected and \$128,000,000 paid out for interest on account of sinking fund to be added, making, at 11 per cent., about \$10,000,000 more. It is perfectly safe to say that, instead of \$116,000,000, as estimated for the five months from February 1 to July 1, not less than \$126,000,000 will be received, making \$10,000,000 additional. Indeed, \$116,000,000 is below the average of the last seven months, when all the energies and industries of the country were paralyzed and prostrated by the panic of last September for at least two months, thus making \$84,000,000 in the Treasury July 1, 1874. Since the 1st day of February we have been collecting at a rate which will make \$140,000,000 instead of \$126,000,000; but for safety I call it the latter sum. Even if the \$44,000,000 which the Secretary has, as I think, illegally assumed the right to use is withdrawn, as I hope it will not be, there will be a balance of over \$40,000,000 in the Treasury when the fiscal year closes.

It is not pretended that these expenditures will exceed \$324,000,000. Indeed, the Department claims that \$321,000,000 will be all that will be required for all purposes. Of this \$177,000,000 have been paid out or

transferred; \$66,000,000 more will be needed to complete the service of the year; \$42,000,000 are required for interest on the public debt; \$7,000,000 for permanent appropriations, and \$29,000,000 for the sinking fund. The account would stand thus:

United States Treasury to The People, Dr.	
To amount of available cash, July 1, 1873	\$60,000,000
To amount of proceeds of taxes for the fiscal year	293,000,000
To amount of legal-tender notes appropriated by the Secretary	44,000,000
To amount of premium on surplus gold	10,000,000
Total debit	407,000,000
Cr.	
By amount paid to February 1, 1874	\$177,000,000
By amount owing up to July 1, 1874	66,000,000
By amount for unpaid interest	42,000,000
By amount permanent appropriations	7,000,000
By amount sinking fund	29,000,000
Total credit	321,000,000
Cash on hand on the 1st of July, 1874	86,000,000
Deduct, if you please, the legal-tenders	44,000,000
The balance will still be	42,000,000

These figures will stand the test of scrutiny; they prove that the demand of the Secretary for an increase of taxation of \$42,000,000 in order to enable him to carry on the fiscal affairs of the Government, is wholly unnecessary and uncalled for; and while they may show that it would not be safe now to deprive the Government of the \$5,100,000 which would be lost by the repeal of the taxes on matches and checks, because contingencies might arise to curtail receipts of revenue or increase expenditures, they prove that the clamor of bankruptcy staring us in the face, unless more money is raised, is wholly unfounded.

The distinguished chairman of Ways and Means made the following statement in that speech:

While we have been reducing our receipts on the one side we have been increasing our expenditures at the other. Listen now to the expenditures of this Government since the present administration came into power. The first year the expenses of this Government were \$322,865,277.80; in 1870 they were \$309,653,560.75; in 1871 they were \$292,177,188.25; in 1872 they were \$277,517,962.67; in 1873 they were \$290,345,245.33; the appropriations for the present year sum up \$319,652,644.31. In 1870 we reduced our expenditures to \$309,000,000, and we paid \$101,601,916.88 of the public debt; in 1871 we brought them down from \$309,653,560.75 to \$292,177,188.25, and we paid \$94,327,764.84 of the public debt; in 1872 we brought them down still further to \$277,517,962.67, and we paid \$99,960,253.54 of the public debt in addition. In 1873 the expenditures ran up to \$290,345,245.33, and we paid but \$43,667,630.05 of the public debt. This year our appropriations have gone up from \$290,000,000, our expenses for the last year, to \$319,000,000, without paying one dollar of the public debt.

This, while a startling and truthful exhibit of the extravagance and reckless waste of public money which characterize the present Administration, and a proof that it is going from bad to worse, year by year and day by day, as it finds that the people can be hoodwinked and duped into submission and obedience, seeks to impress plain people in the country, who have neither leisure nor opportunity to ascertain the facts, that the reduction of the national debt has been a highly creditable party performance, when in fact it has been utterly disgraceful, extravagant, and profligate, as a few official facts and figures, with which I propose to supplement the statements I have read, will show, taken from the finance report for 1873, page 12:

Year.	Expended by administration.	Collected by taxation.
1867	\$357,542,675 16	\$490,634,010 27
1868	377,340,284 86	405,638,083 32
1869	322,865,277 80	370,188,256 09
1870	309,653,560 75	411,253,477 63
1871	292,177,188 25	383,323,944 89
1872	277,517,962 67	374,106,867 56
1873	290,345,245 33	333,738,204 67
Totals	2,227,442,194 82	2,768,882,844 43
Collections over expenditures		541,440,549 61

It will thus be seen that, notwithstanding the enormous expenditures of the Government for the last seven years, the amount coerced from the people which reached the Treasury was yet \$541,440,000 greater. More than half of the immense sum collected was in gold, which had to be bought at whatever premium the bondholders and the capitalists could squeeze out of the necessities of the labor and the commerce of the country.

The last report of the Secretary of the Treasury, on pages 14 and 15, shows that the net ordinary expenditures of the Government in all its departments, and all pensions besides, from 1791 to 1861 inclusive—during which time the war of 1812-15 was waged with Great Britain, as well as the Mexican war, and all our Indian wars—amounted to the sum of \$1,587,444,468.21. If I have erred in addition, the following table will correct me:

Net expenditures of the Government.

Year.	Amount.	Year.	Amount.	Year.	Amount.
1791.....	\$1,919,589 52	1815.....	\$26,953,571 00	1839.....	\$26,496,948 73
1792.....	5,896,258 47	1816.....	24,373,432 58	1840.....	24,139,020 11
1793.....	1,749,070 73	1817.....	15,454,609 92	1841.....	26,196,840 29
1794.....	3,545,299 00	1818.....	13,608,673 78	1842.....	24,351,336 59
1795.....	4,362,541 72	1819.....	16,300,273 44	1843.....	11,256,508 60
1796.....	2,551,303 15	1820.....	13,134,530 57	1844.....	20,650,108 01
1797.....	2,836,110 52	1821.....	10,723,479 07	1845.....	21,895,329 61
1798.....	4,651,710 42	1822.....	9,827,643 51	1846.....	26,418,459 59
1799.....	6,480,166 72	1823.....	9,784,154 59	1847.....	53,891,509 37
1800.....	7,411,369 97	1824.....	15,330,144 71	1848.....	45,227,454 77
1801.....	4,981,669 90	1825.....	11,490,459 94	1849.....	39,933,542 61
1802.....	3,737,079 91	1826.....	13,062,316 27	1850.....	37,163,990 09
1803.....	4,002,824 24	1827.....	12,653,095 65	1851.....	44,654,717 66
1804.....	4,452,858 91	1828.....	13,296,041 45	1852.....	40,330,954 56
1805.....	6,357,234 62	1829.....	12,641,210 40	1853.....	44,078,156 35
1806.....	6,020,209 36	1830.....	13,222,533 33	1854.....	51,967,528 42
1807.....	4,984,572 89	1831.....	13,664,067 90	1855.....	56,316,197 72
1808.....	6,544,338 85	1832.....	16,516,388 77	1856.....	66,772,527 64
1809.....	7,414,672 14	1833.....	22,713,755 11	1857.....	66,041,143 70
1810.....	5,311,082 28	1834.....	18,425,417 25	1858.....	72,330,437 17
1811.....	5,592,604 86	1835.....	17,514,950 23	1859.....	60,355,950 07
1812.....	17,829,498 70	1836.....	30,865,164 04	1860.....	60,056,754 71
1813.....	28,082,396 92	1837.....	37,343,214 24	1861.....	62,616,055 78
1814.....	30,137,686 38	1838.....	33,849,718 08		

It must not be forgotten that, from 1791 to 1861, the revenues of the Post-Office, collected directly by the Department from the people, are all included, while they are all excluded in the statement of expenditures for the last five years, though they averaged over \$20,000,000 a year.

When it is observed that over \$1,600,000,000 have been expended since the inauguration of General Grant five years ago, independent of the payment either of any part of the principal of the national debt or the sinking fund, as the gentleman from Ohio [Mr. GARFIELD] and the gentleman from Massachusetts [Mr. DAWES] both agreed the other day, a sum largely more than all the ordinary expenditures of the Government for the seventy years under democratic or whig rule, no wonder the chairman of the Committee on Ways and Means warned his party friends power would pass out of their hands, and the day of reckoning could not be postponed, if corruption, extravagance, and extortion were not speedily stopped. While it is a striking commentary on the celebrated speech made by him two years ago, which all the stump orators of his party swore by, in which he tried to show that General Grant's administration had been more economical than that of Mr. Buchanan, which many members here doubtless made the basis of their campaign speeches all over the country, he did not like to show that, after all the enormous expenditures of the last seven years, \$541,440,649.61 were still on hand with which to pay the \$339,557,565.31 of the national debt which he shows was paid.

Secretary Richardson, in his last report, page 31, states the principal of the bonds redeemed or purchased since they began to buy, in May, 1869, at \$323,253,800. But call it what you will—call it \$400,000,000, as Senator SHERMAN does, it you please, since 1863—and the fact still remains that the people have been compelled to furnish, and have furnished, ample means, over and above all expenditures, to buy \$140,000,000 more than anybody pretends have been bought.

All these immense sums, be it remembered, are exclusive of the \$132,000,000, which the Secretary of War, in Executive Document No. 200, second session Forty-second Congress, shows had been obtained by the Bureau of the War Department from the sales of the horses, mules, wagons, and other war materials of the people, and spent, in excess of all appropriations as well as of the proceeds of the sales of over four hundred of our ships and all sorts of naval stores, amounting to many millions more, which the Secretary of the Navy shows in his report, or reply, Executive Document No. 250, second session Forty-second Congress. And these are only specimens of what all the Departments have done continually.

Next to the gentleman from Ohio, [Mr. GARFIELD.] I do not want to allude to his late speech very elaborately just now, for I shall have an hour when his bill comes up; then I hope to be able to pay my respects to him in a kind way. That gentleman, however, took particular pains the other day to show how economical we have been, how saving we have been; he showed how in 1863 we repealed customs duties to the amount of \$65,000,000; in 1863 to the amount of \$38,000,000; in 1870, \$55,000,000, and in 1872, \$44,000,000, holding out before the country that their tariff taxation was reduced to that extent, when the last report of the Secretary shows that the whole customs duties in 1863 were \$176,000,000; in 1867, \$164,000,000; in 1868, \$180,000,000; in 1869, \$194,000,000; in 1870, \$206,000,000, and in 1872, \$216,000,000, a steady increase of collection from the people of over \$10,000,000 a year during all this time of pretended reduction.

How is that? The people were paying only \$176,000,000 of customs before you made any of these reductions; yet the amount collected went up \$10,000,000 a year, and took that much more from the people's pockets—at least we got that much more into the Treasury by the repeal of those laws. Why did not the gentleman from Ohio state these facts? The impression made by his speech is that there was that much less money taken from the people, when the finance report shows that year by year you have taken, upon an average, \$10,000,000 more.

Mr. KELLOGG. Will the gentleman allow me to ask one question only?

Mr. BECK. Yes, sir.

Mr. KELLOGG. I will ask the gentleman if customs duties had not been actually repealed to the amount which the gentleman from Ohio states? And if the receipts from customs have increased, does it not show a more honest collection during the last four years than in 1863?

Mr. BECK. No, sir; I will tell you what it shows. It shows just what we have always contended, that if you will reduce your duties you will get more revenue, because more goods will be imported. The protection to Connecticut and the States of the eastern sea-board has not been quite as great as it was, and the Treasury has succeeded in getting a little more. That far you are entitled to some credit.

Mr. GARFIELD. Allow me a moment. Does the gentleman mean to imply, by anything he has said, that it is not true by the books, that while the people were paying in 1866 of internal-revenue taxes into the Treasury \$309,226,813.42, or in round millions \$309,000,000, of internal-revenue taxes into the Treasury, in the year which closed last June they paid only \$113,500,000, being a difference of nearly \$200,000,000 of tax burdens decreased since 1866? Does the gentleman mean to deny that?

Mr. BECK. Ah; the gentleman, knowing that he had deceived the House and the country as to customs duties, now turns upon internal-revenue taxes. I admit the internal-revenue tax has been diminished.

Mr. GARFIELD. I ask the gentleman what he has to say about deceiving the House by his statement?

Mr. BECK. The statement the gentleman made is as follows:

By the act of July 13, 1866, customs duties were repealed to the amount of.....	\$65,000,000
By the act of March 2, 1867, customs duties were further reduced by the sum of.....	40,000,000
By the acts of February, March, and July, 1868, customs duties were further reduced by the sum of.....	68,000,000
By the act of July 14, 1870, the reduction was:	
On customs.....	\$55,000,000
On internal revenue.....	29,526,410
By the acts of May 1, and June 6, 1872, the reduction, as stated by the chairman of the Committee on Ways and Means, was, for eleven months last year:	
On customs.....	\$44,365,364
On internal revenue.....	17,695,456
Making a total reduction, since the close of the fiscal year 1866, of...	319,527,230

Mr. GARFIELD. I suppose my gallant friend from Kentucky [Mr. BECK] knows too well what types do for a man. If they made me say that all that decrease was in the customs, that was so absurd that a boy of six would know it.

Mr. BECK. The gentleman is too fast. The types did not do him injustice. He stated that they repealed the different amounts of customs for the years I have mentioned, and then he gives the amount of reductions of internal-revenue taxes side by side with it. Now he seeks to avoid the force of what I said by saying that the people were benefited by the internal-revenue reduction. I assert that, as to all these items of customs duties, the customs receipts went up \$10,000,000 a year in spite of all the pretended reduction, while he was trying to make the country believe that we were relieving the people of that much taxation. I know the internal revenue has been diminished in that time; nobody denies that. The issue cannot be changed by trying to shift one set of figures for another. No, gentlemen, the whole fact is this: There stand your figures, undeniable, that your collections have run up in seven years to \$2,748,000,000, and your expenditures have been \$2,227,000,000, as the official reports show, independent of your post-office collections from the people and all your outside matters, which have amounted to hundreds of millions more. And they show this, further, that without paying any of the sinking fund, and without any of the payment of the principal of the public debt, notwithstanding all your contrasts of figures, your own official tables show that since March, 1869, when General Grant came into power, the ordinary expenditures of this Government, including only the interest on the public debt, have been \$1,600,000,000, or \$30,000,000 more than all the ordinary expenditures of the Government of the United States from 1790 to 1861, inclusive, embracing the war of 1812-'15, the Mexican war, all the Indian wars, and all pensions, combined. I have given the figures proving these facts, so that gentlemen can add them up for themselves. I hope, after this exhibit, we will hear no more talk about economy.

Mr. GARFIELD. Will the gentleman allow me a moment? I think a still more startling statement is, that the actual pay of members of Congress now during a single year is greater than the total expenditures of the Government in the first year of its existence.

Mr. BECK. Yes; and the actual stealings during this Administration have been quite as much as was necessary to support the administrations of Washington, Adams, and Jefferson for the twenty years they were at the head of the Government. Since General Grant came into power \$495,000 have been paid to three men at the port of New York. Here are the official figures, given by the Secretary of the Treasury. Your collector, naval officer, and surveyor of the port have received nearly \$500,000 since General Grant came into power, although during that time each one was drawing a salary higher than that paid to a Senator in the Senate of the United States. You pay seventy-four

Senators at \$5,000 a year, or \$370,000, that being the total pay of all the Senators of the United States. Yet these three officials in the city of New York, whose business it is to run primary elections, to pack conventions, to have ballot-boxes stuffed, and to do the dirty work of the Administration, have drawn more since this Administration came into power than would pay the salaries of all the Senators of the United States for a year and a half. You may put that into your pipe, and smoke it, too. [Laughter.] While spies and informers get as much more as an inducement to perform like services.

Sir, it is so at Boston; it is so at Philadelphia; it is so at all the large ports of the country. But I do not intend to go into a further discussion of that matter at present. We shall develop before long such frands, such corruptions, such peculations, under the auspices of the Government against the great leading merchants of the country as will make the honest men of the republican party stand aghast.

I wish to discuss further the question of the \$44,000,000, from which I have wandered away by answering questions.

Simultaneously with the presentation of the bill now under consideration, there was introduced, by the chairman of the Committee of Ways and Means, a bill to legalize the \$44,000,000 of legal-tender; he then announced that I was the author of it, and added that, while he would favor it as part of a general system, he would not feel disposed to do so as a separate, isolated proposition. I differed with him, and took occasion to say then, in the few minutes allowed me, what I repeat now, that those who agree with me that the currency ought to be fixed, and not contracted or inflated at the caprice of the Secretary of the Treasury, to the extent of \$44,000,000, ought to pass upon this proposition by itself, disconnected from all mere questions of national, free, or State systems of banking. Gentlemen who desire to fix the volume of the currency at \$356,000,000 ought to be as anxious as those of us who desire to make it \$400,000,000 to deprive the Secretary of all control over it. Those only who desire to continue the present exercise of the Secretary's assumed authority, with all the evils attending contraction to-day and expansion to-morrow, can afford to load it down with amendments in the hope that it may fail between the two Houses of Congress.

Practical statesmanship looks to results. The Senate has been amusing itself and tantalizing the country for nearly two months by discussing financial conundrums, while all business is deranged, all values unsettled, and all confidence destroyed, because the country has become convinced that Congress will not even determine what the volume of the currency is, but, by disagreement between the two Houses, will leave all their interests at the mercy of the Secretary of the Treasury, who will contract or expand the volume of legal-tender notes as the pressure to do one or the other is brought to bear upon him by those he feels bound to obey.

I hope the House will look at this matter as practical men should. Many members would doubtless like to be able to say to their constituents that they voted for expansion, or inflation—call it what you please—to the extent of \$100,000,000, or any other amount; others may be equally anxious to assure theirs that they voted and labored to reduce or contract it even below \$356,000,000. Each ought to know that their failure to agree only continues upon their people the evils of which all now complain, the absolute subjection of all values to the caprice of the Secretary, or of those who control his action.

Of course it will be the tactics of all who oppose any expansion of currency beyond \$356,000,000, and at the same time prefer to allow the Secretary to exercise the power he has usurped to use the \$44,000,000 as a "reserve," (that is the name he has selected for it,) to tack all sorts of propositions to the bill. I hope its true friends will vote them all down. Our constituents understand political maneuvers as well as we do when their attention is called to them; and if the bill is defeated by being loaded down with amendments, however plausible or however much to be desired, the men who so defeated it will be held responsible for its defeat. What answer would it be to a sensible and suffering constituency, when you are accounting for the reasons why the Secretary still has them at his mercy, to say that you voted for and carried an amendment through the House making the currency \$450,000,000 or \$500,000,000, but the Senate would not agree to it, and the bill failed? They would tell you, what you know to be true, that you knew at the time you voted for these amendments that their passage would defeat the bill; and you did not dare to adhere steadily to the only measure of relief you knew could be carried, because you were afraid your constituents had not sense enough to understand the true meaning of your act.

There is not a man on this floor who believes that any bill expanding the legal-tender currency beyond \$400,000,000 would receive any consideration in the Senate. Surely that fact would be a good reason to assign to any constituency for refusing to support amendments proposing to inflate it beyond that amount. I confess that I am more afraid of the fears which the friends of this measure have of the intelligence of their own constituents than I am of the power of the contractionists, and therefore I have made these remarks, as I assure the House, in no unkind spirit, but because I earnestly desire to accomplish something practical.

All sorts of attacks have been and will be made against the measure. Some are directed against the expediency, others against the constitutionality of it. As to the latter, I have only time to say now that, right or wrong, the Supreme Court has settled that, and have said in the Legal-tender cases, in 12 Wallace, page 542, Congress

is the only proper body to pass upon this question. I quote only this brief extract:

Congress had the choice of means for a legitimate end, each appropriate and adapted to that end, though, perhaps, in different degrees. What then? Can this court say that it ought to have adopted the one rather than the other? Is it our province to decide that the means selected were beyond the constitutional power of Congress because we may think that other means to the same ends would have been more appropriate and equally efficient? That would be to assume legislative power, and to disregard the accepted rules for construing the Constitution. The degree of the necessity for any congressional enactment, or the relative degree of its appropriateness, is for consideration in Congress, not here.

Said Chief Justice Marshall, in *McCulloch vs. Maryland*, as already stated: "When the law is not prohibited, and is really calculated to effect any of the objects intrusted to the Government, to undertake here to inquire into the degree of its necessity would be to pass the line which circumscribes the judicial department, and to tread on legislative ground."

Making the notes legal tender gave them a new use, and it needs no argument to show that the value of things is in proportion to the uses to which they may be applied.

I have seen all sorts of schemes introduced to defeat this measure. One was presented by a gentleman from New York the other day, the substance of which was to declare the issue of greenbacks, over \$356,000,000, illegal, but to provide at the same time that the national banks should take them in, that they should be "redeemable at the pleasure of the Government, or at the pleasure of the holders they may be converted into United States bonds, known as 5 per cents." That is a nice proposition—to convert these notes into 5 per cent. bonds, principal and interest payable in gold, free from all State and Federal taxation—worth 10 per cent. more than the ordinary legal-tenders of the country. The national banks are to gather up the notes issued in excess of \$356,000,000, and then convert them into 5 per cent. gold bonds, worth a premium of 10 per cent., the holder thus receiving upon an illegal note 10 per cent. more than the man can get who holds a legal one. These notes of course would be absorbed by the national banks. That may do for a bondholder, but it will not do for the farmers of the West.

I saw a petition presented here the other day, in which a statement was made that the petitioners represented \$370,000,000 of capital. Sir, the men of the region where I live represent 370,000,000 acres of land. Contraction of your currency will diminish its value, and the value of all its products, from 10 to 20 per cent., and in their name I protest against any contraction now.

I read a very remarkable speech the other day; I will not say where it was delivered; but I have here an extract from it. I have had it written out, to avoid an objection from anybody that the speech was delivered in the Senate of the United States or made by an ex-Secretary of the Treasury. You can guess whether it was or not. The extract is as follows:

And now that I have touched upon the moral aspect of this question, perhaps I had better not depart from it, lest I may never return to it. There is, in all these propositions, a moral question which we are bound to consider. If by forced contraction, by legislative power directly applied, you contract the volume of currency in this country below \$356,000,000, you have required the debtor to pay something more to the creditor when he pays his debt than he would have paid if you had left the volume of currency untouched. But there is not in this aspect of the case a moral consideration of the importance that attaches to the converse of this policy, the policy of inflation. I ask what excuse, except the sternest necessity, can be offered to the country upon the moral question if you add to the volume of currency and enable debtors to pay their debts with less value than would have been required under the currency that existed when the debts were contracted? In the war we had an excuse; it was a valid excuse. The country was in peril; every interest was in jeopardy. Individual rights under such circumstances are comparatively unimportant. Necessity, stern necessity, is the excuse; it is the defense. But in time of peace, when the country, notwithstanding the present disaster, is prosperous, when its resources are great, when its future is bright, I ask what excuse have we to offer to ourselves or to the country if we add to the volume of the currency, and change the relations of debtor and creditor to the damage of the creditor?

There is, however, a large agricultural population in this country who owe much and have nothing due to them; they constitute a debtor class. There is also a considerable number of persons in this country who have much owing to them and who never owe anything; they are a creditor class.

But how will it be now if we inflate the currency for the purpose of furnishing means for carrying on the Government? We change all the relations of debtor and creditor without a sufficient reason: and we leave them to bear a burden which, if it is to be imposed, if it is to be borne by any, should be borne by the country itself. The expenses of maintaining the Government should be borne by the country, and, as I shall have occasion to say before I close my remarks, they can be fairly borne only through the purpose, the resolution, the act of Congress to furnish the means by taxation for carrying on the Government. Every scheme which adds to the volume of currency has in it the element of immorality and the quality of injustice.

Think of the "injustice" of crippling the creditor class! There is no such moral delinquency in injuring the debtor class of the country. "The great mass of the agriculturists," says the distinguished ex-Secretary, "are the debtor class." "There are some who owe nothing; they are the creditor class; legislate for them; it is a moral wrong if you do otherwise." That was the spirit and meaning of your most unjust and iniquitous law of 1869, to strengthen what was called the public credit, which the then Secretary carried out with great promptness, and by which bonds which were payable according to their face in greenbacks were paid in gold; thus taking \$40,000,000 out of the Treasury of the United States to be put into the pockets of the bondholders, in plain violation of law. It is the representatives of those same bondholders who are now clamoring against any expansion of the currency of the country, in order that they may pocket what yet remains in the hands of the poor and disorganized masses. I have no sympathy with, and no toleration for, such legislation. The greatest good to the greatest number, the protection of the weak, the humble, and the unprotected, ought to be the end and aim of all true men.

Sir, my own State of Kentucky furnishes as good an illustration as any other of the necessity of keeping the currency up to at least \$400,000,000, and of having a fair distribution of the banking capital according to law, if the banking system must be kept up.

If gentlemen will turn to the last report of the Commissioner of Internal Revenue, page 145, they will see that for the eight years from 1866 to 1873, inclusive, Kentucky paid into the Treasury of the United States, as internal taxes upon her industry, \$50,729,801.50, or an average of \$6,341,225.20 a year. If they will turn to the last report of the Comptroller of the Currency, page 7, they will find that while we in Kentucky, with a population about equal to Massachusetts, are allowed only \$7,637,900 of currency, Massachusetts is furnished with \$59,523,671, while we, owing to our distance from the sea-board, need twice as much as Massachusetts does.

We paid into the Treasury last year \$1,695,623.52 for taxation more than Massachusetts, while she has \$51,785,771 more banking capital than we are allowed.

By turning to page 11 of the Comptroller's report, it will be seen that in 1862 our bank circulation was \$9,035,724, or \$7.82 *per capita*. It is now, in 1873, reduced down to \$7,637,000, or \$5.78 *per capita*. Then over three hundred and twenty-five thousand of our population were slaves who used no capital; now all are free and all need it.

It cannot be said of my State, whatever may be said of others, that we do not need it or are too poor to take it. Our last auditor's report shows that our product of tobacco alone was 153,184,929 pounds, worth over \$12,500,000, of which at least 130,000,000 pounds were exported. Our hemp products in bagging and rope were worth at least \$5,000,000, while our hog, horse, mule, cattle, and other live-stock crops which supply many of the Southern States, are simply enormous, to say nothing of our cereals or manufactures.

It is no exaggeration to say that my own congressional district, (which is perhaps the finest agricultural region in the world,) has more capacity for production of all that is necessary to support human life or promote human comfort than the whole State of Massachusetts, and I do not mean to disparage that great State or her people, but I mean to assert that a grievous wrong has been done to my State by the unequal and unjust discrimination which has been had and maintained to the prejudice of the people I have the honor in part to represent. We cannot afford to contract the currency in the present condition of things. We want reasonable expansion. We need it. We want equal distribution of the currency. We are by law entitled to it.

It may be instructive to look at the history of the currency of the country for the last eight years and see what it shows. Without knowledge upon that subject, and of our wants now, as compared with former years, we will be groping in the dark. For that purpose official facts and figures furnish the best illustration.

I have seen nothing which groups together all the elements necessary to be considered so well as the following article from the Philadelphia North American of January 21, 1874. Of course I cannot vouch for the entire accuracy of all its statements, but I have no doubt it is a close approximation to the truth; it certainly illustrates the condition of the resources, business, and currency of the country in a condensed and intelligible form:

Direct reduction of circulation since July, 1868, above \$300,000,000.

In the annual Finance Report of 1872, at page 291, the United States Treasurer gives a tabular statement of the currency outstanding at the close of each fiscal year for the last eleven years. By currency outstanding in these statements are intended the issues of the United States Treasury. The items embraced are, old demand notes, legal-tenders, compound-interest notes, one and two year notes, and fractional currency. For the total currency in actual circulation, or otherwise serving indirectly to the same effect in the money market, we take the statements of the United States Treasurer at the dates which we select, and add thereto the amount of seven-thirty notes, 3 per cent. certificates, and State-bank notes outstanding, thus:

Treasury currency, 30th June, 1865, according to Treasurer's report...	\$698,918,800
Add seven-thirty notes, 31st July, 1865	830,000,000
National-bank notes, 3d July, 1865	131,452,158
State-bank notes, July, 1865, say	240,000,000

Total circulation in July, 1865..... 1,900,370,958

This, however, was the state of the circulation immediately upon the close of the war. Let us now look at the currency account after it was fairly reduced to a peace footing:

Treasury currency, according to Treasurer Spinner, June 30, 1868....	\$444,196,262
Add seven-thirty notes, (January 1, 1868)	240,591,300
Three per cent. certificates, June 30, 1868	50,000,900
National-bank notes, July 6, 1868	294,908,264
State-bank notes, July 6, 1868, say	4,000,000

Total circulation in July, 1868..... 1,033,395,826

Treasury currency, according to Treasurer Spinner, June 30, 1873....	401,527,267
Seven-thirty notes	274,100
Three per cent. certificates, June 30, 1873	30,000
National-bank notes, June 30, 1873	344,858,627
State-bank notes, June 30, 1873	nil.

Total circulation in July, 1873..... 746,689,994

Treasury currency, 30th September, 1873	402,923,039
Seven-thirty notes, 30th September, 1873	260,500
National-bank notes	348,007,958

Total currency, 30th September, 1873..... 751,191,497

By this statement—which is official as to all the items except the State-bank notes, which we have taken pains to estimate as accurately as may be—the reduction of the paper currency issues of the Treasury and the National Currency Bureau from the 1st of July, 1868, to the 1st of July, 1873, five years, amounts to \$26,705,832.

To this sum should be added the increased amount required to be held as reserve by the national banks, which, from the 1st of July, 1868, to the 13th of June, 1873, amounted to \$14,727,894. The amount, therefore, withdrawn from actual circulation in the period is \$301,433,726. We add the increase of the bank reserves, because the entire issue of legal-tenders, and of other reserve funds, is charged to the outstanding circulation at each of the dates given in our statements.

Comparative reduction of circulation since July, 1868.

Let us try the items under this head. Of course, only approximate estimates can be made; but, with any margin for differences, the very lowest will answer the purpose of this inquiry.

First. Increase of population in the five intervening years. Taking the rate of increase *per annum* in the decade of 1860–70 for the measure of increase from 1868 to 1873, it would stand thus: Population in 1868, 37,260,335; in 1873, 41,358,971, increase, 4,198,636, which is 11 per cent. Most probably the increase was quite 12 per cent., or 4,471,240.

Secondly. Increase of merchandise imported and retained for consumption:

Fiscal year, 1867–68, gold value.....	\$344,773,435
Premium on gold, 37½ per cent.....	129,290,037

Currency value..... 474,063,472

Fiscal year 1872–73, gold value.....	634,584,056
Premium on gold, 12 per cent.....	74,950,086

Currency value..... 699,534,142

Five years' increase of imports for consumption, equal to 47.5 per cent. 225,470,670

Thirdly. Marketable domestic industrial products:

Year 1868, total value.....	4,036,030,974
Year 1873, total value.....	5,821,409,636

Increase in five years, 44.2 per cent..... 1,785,378,662

Fourthly. Cost of travel and transportation by railroads:

For the calendar year, 1867.....	332,000,000
Year ending middle of 1873.....	486,000,000

Increase in five and a half years, 46.5 per cent..... 154,000,000

Fifthly. Cost of construction of railroads:*

Year 1867, 2,449 miles, at \$55.116 per mile.....	134,979,084
Year 1872, 6,427 miles, at \$55.116 per mile.....	354,230,532

Increase in five years, 162.4 per cent..... 219,251,448

Sixthly. Increase of wealth of the United States:

In the five years—1868 to 1873—45.25 per cent..... 11,715,616,652

Seventhly. Increased demand for circulation in payment of wages in the South:

Four millions of slaves were emancipated in the period of five years, and if the wages exceed the former cost of keep \$25 a year, we have an increased demand for money at 100 per cent., or..... 100,000,000

Referring the mere estimates here given to the judgment of experts, we will now summarize the particulars, reminding the student of the subject, however, that no estimates of the increased cost of canal, river, or coastwise travel, transportation and equipment, or of telegraphic construction, and expenses of use is here attempted.

Summary of the items selected.

Items.	Amount.	Per cent.
Increase of foreign imports for consumption.....	\$225,470,670	47.5
Increase of marketable industrial products.....	1,785,378,662	44.2
Increase of cost of travel and transportation by railroads.....	154,000,000	46.5
Increase of cost of construction of railroads.....	219,251,448	162
Increase of wealth of the United States†.....	11,715,616,652	45.25
Increase of wages demanded in the South.....	100,000,000	100
Aggregate increase in amount of items enumerated.....	14,199,717,432	45.8

After deduction of discount upon the currency in 1870, the average annual rate of increase would be 7½ per cent., compounded. This rate gives us \$25,777,600,000 for the wealth of the United States in 1868, and \$37,442,000,000 for the wealth in 1873. Increase in five years, 45½ per cent.

No man can look at these facts and figures without feeling that it would be doing injustice to all the interests of the country to refuse to legalize the \$44,000,000, and make the legal-tender currency at least \$400,000,000. Contraction below that point is equivalent to adding from 10 to 20 per cent. to every debt which the debtor class of the country owe to their creditors. Sir, if \$1,000,000,000 of paper money were in circulation in one form or other in 1868, and it has been reduced anywhere in the neighborhood of \$300,000,000 since that time, while the population has increased so vastly, and when all the business of the country, and its prosperity as well, have increased 45 per cent., how can men who engaged in business, or contracted debts, when that amount of currency regulated values, either discharge their obligations or realize anything from their legitimate investments if the legal-tender notes of the country are to be still further reduced?

* In the 5½ years from 1867 to the middle of 1873, 31,041 miles of railroad were constructed at a cost of \$1,710,855,756. During the 5½ years preceding 1868, the cost of construction was \$418,220,208. Increase in the latter period over the former, \$1,292,635,548—309 per cent.

† The wealth of the United States in 1860, valuation of slaves deducted, we put at \$14,183,215,628. Census valuation in 1870, \$30,068,518,507.

Somewhat or other I have never been able to appreciate the merit of the cry which has become so loud and incessant of late among the bondholders and their advocates here and elsewhere, of the evils of an irredeemable paper currency, or of their denunciation of what they choose to call the *worthless greenbacks*; a currency which, even at \$400,000,000, can all be absorbed in two years. If the friends of the bondholders and the other protected monopolists would only unite with those of us who believe in them in passing a law authorizing the Government to receive its own notes in payment of the customs duties it exacts from the people, they need neither be worthless nor irredeemable. The amount collected in gold from the people for tariff taxes alone in the last two years was \$404,000,000. The people would gladly have paid it in legal-tender notes and saved the 15 per cent. premium which went into the pockets of the bondholders and those protected by the tariff.

These gentlemen, with all their pretenses, do not want the legal-tenders redeemed. They want the Government to continue to repudiate them. So long as they continue to pursue that policy it does not lie in their mouths to be crying out against the currency as being irredeemable.

Sir, all the legal-tenders we ask to keep in circulation would not pay to the Government the average annual taxes imposed upon the people. From 1867 to 1873, a period of six years, the tax-payers of this country paid into the Treasury, as the last Finance Report shows, \$2,768,882,844.43—two-thirds of it in gold—an average of \$461,480,474.07 a year, being \$61,480,474.07 annually more than the \$400,000,000 we ask you to legalize. And yet it is called worthless and irredeemable. The Government can absorb it all in less than a year, whenever a better substitute can be furnished. All those who are raising this false clamor about irredeemable currency know these facts full well.

Sir, without paper money none of the great results achieved could have been accomplished. The enormous taxation we have sustained could not have been borne; our railroads could not have been built, nor the waste places of the war restored. All this has been done, too, under a nefarious banking system, which has enriched a few monopolists at the expense of the masses. Twenty million dollars a year is thus lavished on pets and favorites. I would abolish it at once. I would make banking free, and I would give the Government the benefit of its own credit, instead of enriching private individuals by it at the expense of the public. But my time is too nearly exhausted to take up that subject now. I see I have but seven or eight minutes left. One word upon another subject.

These results appear the more marvelous when it is remembered that they have been accomplished in spite of the most nefarious system of tariff taxation ever invented by human ingenuity—a system to which the American people never would have submitted but for the fact that it was fastened upon them during the years of war, when laws were silent, when protests against oppressions were unheeded, and when the men who had seized the reins of Government were secretly, under the guise of patriotism, building up colossal fortunes for themselves by legislation which they knew was destructive of all the best interests of the Republic. These laws they still perpetuate, in spite of all the efforts of the representatives of a disorganized people. Combined wealth and its representatives in Congress, in the form of tariff protectionists, bondholders, national bankers, and other corporate monopolies, rule and control us in all things.

I wish some power existed to develop the number of Representatives and Senators who are personally interested in class legislation. It would be an interesting exhibit, and one which I think the country ought to have. I have no doubt a majority in the Senate, and a large minority in the House, are personally interested in the passage of laws inimical to the interests of the masses. But I have no time to go into that now, and no time to develop the iniquitous workings of the tariff, as a whole. I must illustrate by an isolated proposition, which will make the other kindred branches and their operations and effects easily comprehended.

Take our shipping interest under the present tariff, and compare it with what it was under the democratic revenue tariff of 1860. That is a fair example, not governed or controlled by local influences, and is an interest whose prosperity or decline reaches to the very vitals of the prosperity of the country.

Up to 1860 we had been pushing to the front of the commercial nations of the world under the influence of a low revenue tariff with a steadiness and rapidity that were the just pride and boast of every American. Our sails whitened every sea, our flag floated triumphantly in every foreign port; in a few years we had built up a commercial marine almost equal to that of Great Britain, and surpassed that of all the other nations of the earth combined; we were developing a class of sailors before whose skill, prowess, and energy even the tars of England quailed. All nations were paying us tribute, and while doing so they saw that we were only in our infancy, with empires even then untouched in the great West, whose products would in the early future make our present greatness sink into insignificance, and they felt that they were pygmies in a contest with a giant. The broom of old Van Tromp was in our grasp. We had almost snatched England's national anthem from her. Our sailors could sing from their mast-heads—

Columbia needs no bulwarks, no towers along the steep;
Her march is o'er the mountain wave, her home is on the deep.

When in an evil hour we reversed our action, piled burdens mountain-high on all that made or maintained ships and commerce, and by the folly, the individual greed, the imbecility, to use no harsher term, of the republican leaders and rulers, we fell from our high estate, and are now suppliants and beggars where twelve years ago we were lords and masters. A few manufacturers in New England and Pennsylvania have been enriched; a suffering and a plundered country has been brought to the verge of bankruptcy to enrich them. I propose to make good by official facts and figures all, and far more than all, that I have said.

In 1860, our total trade with foreign nations amounted in value to \$762,288,550; of which American vessels carried \$507,247,757, and foreign vessels carried \$255,040,793. The excess of freight in favor of the United States was then \$252,206,964, and the excess of receipts or profits in the trade was \$20,176,557.

In his last annual message to Congress, on the 1st day of December, 1873, the President of the United States said:

We pay \$80,000,000 per annum for the transportation of our surplus products to a market, thus increasing the balance of trade against us to that amount.

Think of it; over \$20,000,000 paid to us in 1860 for the same service for which we now pay foreign nations \$80,000,000 a year—a difference of \$100,000,000 against us—a sum sufficient to pay all the expenses of the Government during the twenty years of the administrations of George Washington, John Adams, and Thomas Jefferson.

This vast sum is not only gone from our own people forever, but it is permanently transferred to the pockets of our antagonists in the contest for commercial supremacy—to our enemies when strife arises. It requires no spirit of prophecy to foretell the result of such a state of things. Official figures tell the melancholy tale. They were all arrayed in a masterly manner by Senator CRAGIN, chairman of the Committee on Naval Affairs, at the last session of the last Congress; and being thus doubly official, their correctness is undoubted. He showed that up to 1850 we had accumulated a tonnage of 3,772,439 tons. In 1860 we had increased our shipping 5,539,813 tons, or nearly 47 per cent. in ten years of low tariff and democratic rule. We had built for foreign nations during that time 349,915 tons, for which our builders and mechanics had been paid \$20,994,940 by them. During that ten years of commercial prosperity our mechanical industries engaged in ship-building had realized \$212,162,885, or \$21,216,288 a year.

Great Britain had in 1860-'61 a tonnage of 5,895,369, or only 355,556 tons more than we had, though she had been contending for supremacy on the sea for hundreds of years. We, her recently emancipated Colonies, were sweeping past her with a giant's stride. At that time the tonnage of all the other nations of the earth combined was less than ours. I know the response which rises in the mind of every supporter of the Administration and its protective-tariff policy is that the war drove our commerce from the sea, destroyed our ships, crippled our ship-builders; in short, is responsible for all that has followed. I say with emphasis, that is not true, except to a very limited extent, as I will proceed to prove.

Senator CRAGIN says:

Our former average of 71 per cent. in the total of both direct and indirect carrying trade of 1860 is now reduced to 15 per cent. To what is this ruinous decline in the carrying trade upon the ocean—which in 1860-'61 was the most prosperous in the world's history—to be charged? Is it the result of the four years' war from 1861 to 1865? Let us see. When the first battle of that war was fought, in 1861—

In the month of July the registered and enrolled tonnage of the United States was.....	5,539,813
In July, 1865, when the war was ended, the registered and enrolled tonnage was.....	5,096,781

Showing a decrease of only..... 443,032

Sir, in the face of these facts, I deny that the war had anything appreciable to do with the present prostrate condition of our commerce.

All our reports, all our statisticians, agree that by the war the country lost \$9,000,000,000 of property and values. Hon. David A. Wells, in his invaluable reports, which you have all doubtless read, proves that to be true beyond all peradventure; yet in the midst of that terrible wreck we had only lost 443,000 of our tonnage; we had still over 5,000,000 of tonnage afloat and ready for service in July, 1865. What other industry lost so little?

When, in 1865, a prostrate and war-stricken country reunited and sprang upon its feet; when swords were turned into plowshares and spears into pruning-hooks, and all the great energies of a mighty people were devoted to the building up of their waste places and the restoration of their desolated homes, ships with a tonnage of over five millions lay ready, in the ports of the country, to bear the products of the labor of the people to all parts of the earth, and to bring back in exchange the necessities and the luxuries which soil, climate, and the habits or necessities of other regions enabled them to produce for us more cheaply than we could.

When the country demanded the services of our ships and our sailors, it was found that they were driven from the seas by our infernal system of tariff taxation. Our ships had to be sold for what they would bring, and our sailors had to go into the coal mines or the iron foundries, whose owners were enabled to employ them by the bounties coerced out of the consumers of the country by congressional enactments.

Again I quote from Senator CRAGIN. He said:

In the international commerce of the world since 1860, while other nations have been rapidly advancing we have stood still, as will be seen by the following table, which includes the total value in gold of the imports and exports (excluding bullion) of the countries named.

International or world's commerce for 1860:

The United States	\$763,000,000
The United Kingdom	1,606,723,514
France	892,500,000
Germany	537,400,500
Holland	314,883,045
Belgium	131,798,600
Denmark, Sweden and Norway	122,906,156
Russia	267,379,225
Austria	292,254,870
Italy	250,000,000
European Turkey	132,318,686
Greece	12,913,474
Spain and Portugal	179,159,950
Switzerland	118,903,410
North and South America, exclusive of United States	350,333,665

Total world's commerce

5,992,542,099

Proportion of the United States in this, 13 per cent.

International or world's commerce for 1870:

United States, \$991,896,839 currency, in gold	\$886,270,503
United Kingdom	3,180,232,750
France	1,506,000,000
Germany	822,578,970
Holland	404,611,742
Belgium	465,000,000
Denmark, Sweden and Norway	161,256,220
Russia	324,202,880
Austria	402,500,000
Italy	350,091,245
European Turkey	192,500,000
Greece	22,500,000
Spain and Portugal	184,771,270
Switzerland	128,000,000
North and South America, exclusive of United States	661,323,845

Total world's commerce

9,567,074,160

Proportion of the United States in this commerce of the world 9.26 per cent., or a falling off of one-fourth since 1860.

While we have in these twelve years thus fallen off, England has doubled her commerce, France has increased one-half, Germany one-half, Austria has doubled, Italy increased one-half, and all the rest increased to a more or less extent. The whole international commerce of the world has increased more than 50 per cent. in the last decade, while that of the United States has stood nearly still, notwithstanding that she has a larger basis for her commerce than any other nation in the world.

Had her commerce advanced with a progress equal to that of Great Britain, it would have developed in its progression an amount, during that time, equal in the aggregate to \$4,578,000,000, in addition to and beyond what it has aggregated in that period.

As we had advanced more rapidly than Great Britain, it is evident we could have kept progress with her. Hence the estimate of gain is reasonable, especially as during that period our population had increased 25 per cent., and our industrial resources 50 per cent.

He said further:

Taking the whole carrying trade as between Europe and the United States, it has been shown that before the war we held a yearly average of 71 per cent. of its amount. The preceding statistics show that we now average only 15 per cent. of it. Had we placed iron steamers on the ocean capable of sustaining equality in transportation, our proportion, without any increase, would have continued 71 per cent., as previously held, less the 15 per cent. we now hold, which would give us yearly as our part of the freight receipts, \$37,843,157, which in the twelve years from 1860 to this time would have amounted to the sum of

\$454,118,244

There have been brought to our shores, from 1861 to the present time, 2,916,629 immigrants in foreign ships, which at the average of thirty-five dollars for each immigrant is

\$102,081,570

There have been carried from our ports to Europe in the same period 357,712 steerage passengers, which at the average of thirty dollars each is

11,731,360

The estimated yearly average of first-class passengers on outward and inward passages is 86,829; this for the same term gives 1,041,948, which, at \$110 each—a low average—is

114,614,286

Making an aggregate of

228,457,516

Seventy-one per cent. of this amount, had we retained our ships on the ocean, would have been our proportion, and is

162,190,636

In the six years preceding 1860 we had built ships upon foreign orders which averaged per year \$2,802,170, and at this average, without increase, is for the twelve years

33,626,040

There is thus a loss of

649,934,920

on these three items of ocean commerce.

These are melancholy truths; but they are true as holy writ, not the result of war, but the result of unwise, unjust, I ought to say, infamous legislation here. I read not long ago that at a dinner, given recently by the Cobden Club in London, Mr. Potter, a member of Parliament, said, in the hearing of David A. Wells, who had made them a great speech, that when the Shah of Persia visited London and went through her magnificent docks, there was not a single United States flag in all that grand array of the ships of the nations, and Mr. Wells had to rise and say, "Mr. Potter, I beg your pardon; there was one." Twelve years before her docks were full of our merchant vessels, and they were sought for by her people in preference to their own; now all the great steamship lines sailing from our ports sail under foreign flags, and our own ships can only hover along our coasts where by law we have prohibited the ships of other nations from coming.

I see, Mr. Speaker, that my time is out; I only want to add that the President of the United States had a lucid interval about the time the war broke out between France and Germany, when he recommended to

us free ships; he took it all back, unfortunately. Congress, I hope, will take it up some day.

Without further detaining the House, I will add his message on that subject to my speech, as Judge KELLEY must have the floor.

The following is the message referred to:

To the Senate and House of Representatives:

The latest intelligence from Europe indicates the imminence of a war between France and North Germany. In view of this a sound policy indicates the importance of some legislation tending to enlarge the commercial marine of this country.

The vessels of this country at the present time are insufficient to meet the demand which the existence of a war in Europe will impose upon the commerce of the United States, and I submit to the consideration of Congress that the interests of the country will be advanced by the opportunity to our citizens to purchase vessels of foreign construction for the foreign trade of the country. An act to this effect may be limited in its duration to meet the immediate exigency.

The foreign mail service of the United States is, in a large degree, depending upon the Bremen and Hamburg lines of steamers. The Post-Office Department has entered into contracts in writing with the two companies above named, and with the Williams & Guion lines respectively, for a regular and continuous service of two years. The only arrangement that could be made with the Inman and Cunard lines is temporary, and may be broken off at any time. The North German lines are first class in point of speed and equipment, their steamers usually making the trip across the Atlantic in from twenty-four to thirty-six hours in advance of the Williams & Guion line.

Should the North German steamers be blockaded or impeded by France, our postal intercourse with foreign nations will be greatly embarrassed, unless Congress shall interpose for its relief.

I suggest to Congress the propriety of further postponing the time for adjournment, with the view of considering the questions herein communicated.

WASHINGTON, D. C., July 15, 1870.

U. S. GRANT.

Mr. KELLOGG. I want one minute only. I did not wish to interrupt the gentleman, but he has charged the Secretary of the Treasury with extravagance, and with surrounding himself with chiefs of divisions and bureaus. I wish, in justice to the Secretary of the Treasury, to state that in 1869, at the close of the Johnson administration, there were twenty-three of these bureaus and divisions in the Treasury Department, and under the present administration the number has been reduced to twelve.

The following is a list of the divisions or bureaus which existed at the close of the Johnson administration: Appointment, Civil Warrants, War and Navy Warrants, Public Debt Statement and Finances, Sub-Treasury, Revenue Marine, Internal Revenue, Stationery, Printing, Libraries, Special Agents, Steamboat Inspection, Files and Binding, Note, Loan, Miscellaneous, and seven Customs Divisions, as follows: Warehouse, Fines and Forfeitures, Rates of Duties, Navigation, and three Law Branches.

Under the reorganization of 1869 these were consolidated, and now exist as follows: Appointment, Warrant, Independent Treasury, Customs, Revenue Marine, Internal Revenue, Navigation, Record and Files, Stationery and Printing, Mail, Note, Loans.

Mr. BECK. And the republican majority was larger and more overbearing during Johnson's administration than it is now.

Mr. KELLOGG. I have no doubt in the world that Great Britain agreed, by the convention of Geneva, to pay \$15,500,000 to our Government, because our own protective tariffs had swept our commerce from the seas. Now, of course I know that was the basis of the Government, and therefore I cordially approve the assertion of the gentleman from Kentucky [Mr. BECK] on the subject of the destruction of our commercial marine.

THE WAY TO RESTORE THE REVENUES.

Mr. KELLEY. Mr. Speaker, I agree with the distinguished gentleman from Massachusetts, [Mr. DAWES], the chairman of the Committee on Ways and Means, that the repeal at this time of any portion of the stamp tax, as proposed by the bill under consideration, would be most injudicious. This part of our revenue is easily and faithfully collected, and, in my judgment, costs us a smaller percentage than any other equal amount derived from internal taxes. In so far, he and I are in accord; but from the remedies he suggested for the embarrassments of the Treasury I earnestly dissent.

If regarded merely as administrative reforms, several of them are commendable; but, if proposed as means by which the depleted Treasury may be replenished, I cannot regard them as worthy of consideration.

Considered in this light, they remind me of what I have read or dreamed, of a provident and industrious people who, having constructed a reservoir of sufficient capacity to contain water enough for all their wants, conducted to it the natural outflow of thousands of springs, and, as a reward for their enterprise, enjoyed a supply of water adequate to all the demands of comfort, health, and productive industry. But in time it so happened that one after another of the small tributaries to their reservoir was obstructed and forced into divergent channels, and the supply of water began to fail. The case became alarming; the health and prosperity of the people were threatened; the increase of productive industries was checked; the laboring masses were without employment by reason of want of water to move the machinery of the workshop and factory; the credit of the people, individually and as a community, was impaired, and general bankruptcy impended. "How shall the threatened calamity be averted?" was the prevailing question. To answer it and ascertain whether the supply of water on which so much depended had been withdrawn, or merely obstructed, they invoked the aid of an engineer of great eminence. In response to their summons he devoted many

days to the investigation of the case. His duty was to discover, if possible, the cause of the deficiency. The people waited anxiously for the announcement of his judgment and were grievously disappointed when they heard it; when, with prodigal amplitude of detail, he proceeded to show that vermin had effected a number of considerable leaks in the embankment of the reservoir, and, with ponderous gravity, suggested as the remedy for all their ills that these leaks should be stopped and the vermin exterminated or driven from the vicinity. The simple-minded people had not been ignorant of the steady waste of a small quantity of water. Indeed, such waste seemed to them to be almost, if not absolutely inevitable, and, though but little skilled in the science of engineering, they at once perceived the inadequacy of the remedy proposed. Experience had taught them that what they needed was the restoration of a living flow of water into the reservoir, and they now addressed themselves to the work of discovering the mouths of the springs that had once fed it, and to the removing of the fallen rocks and general debris that obstructed them. By this simple process they soon accomplished their object and re-established individual and general prosperity.

May we not profit by their example? Our financial reservoir is nearly empty, the machinery of thousands of our shops and factories is motionless, and earnest and wide-spread appeals for charity startle the people of all the great cities of the country, and proclaim the terrible sufferings the unemployed working people are enduring. And our engineer, the chairman of the Committee on Ways and Means, failing to discover any quickening impulse or source of supply, suggests no other remedy than the stopping of a few leaks produced by the vermin who infest every government in seasons of war and national excitement. The people must therefore take affairs into their own hands, and, if possible, restore to activity the suppressed streams by which the Treasury was replenished from the close of 1861 till the Treasury Department and Congress by contracting the currency suppressed and sealed the sources from which our abundant revenues had come.

I am aware, Mr. Speaker, that my presumption, in assuming to suggest adequate remedies for the evils of the times, merits, and will receive, the sneering condemnation of the book-worms, theorists, and bankers of the House and country. What right have I, who never owned a share of bank stock, and am wholly unfamiliar with the councils of bank parlors, to meddle with questions of revenue and finance, while there sit around me so many gentlemen who are versed in the literature of banking, and have had large experience in the management of institutions whose profits are increased by the adversity of the people, and to whom the inordinate rates of interest consequent upon financial stringency are a godsend?

It was said that much learning had made Paul mad. Sir, I am sure this will not be supposed to be my case, for I am but a plodding interrogator of our own recent financial history and of current events. Strangely enough, sir, this limited field of study has forced upon me the conviction that the most dangerous thing a legislator can possess is knowledge—that absolute knowledge which is derived *a priori*, which regards the teaching of the passing year as vulgar and impertinent, and the possession of which justifies gentlemen in ignoring any fact that seems to conflict with conclusions imparted by men who were once accepted teachers—such knowledge, sir, as that possessed by the people who persecuted Galileo! They did not believe; they knew that the world was a fixed body around which the sun revolved. Their knowledge was as absolute and as intolerant as that of those among us who know that an increase of circulation in a country sparsely settled and abounding in undeveloped resources, however much it may stimulate production, and supply existing demand, must by an inflexible law, made by Montesquieu or Hume a century ago, increase the price of all commodities. The learned men of his day tortured Galileo into a renunciation of his error, and compelled him to sanction his renunciation by an oath. But it is recorded that as he rose from the desecrated altar, he stamped his foot and exclaimed, "But it does move." Yes, sir, the world does move; and the folly of the alleged algebraic relation between the volume of currency and the prices of commodities which was invented by Montesquieu, anglicised by Hume, and is still accepted as true by our gold-basis sophists, has been demonstrated a thousand times by terrible experience.

I refer to such knowledge, sir, as that enjoyed by the medical profession of Harvey's day. The members of that highly educated fraternity knew that the blood did not circulate in the arteries of man or beast. Though the value of his discovery was promptly recognized by learned bodies outside of his profession, it is said that no physician who was over forty years of age at the time of its promulgation ever accepted it. They had lived long enough to know that Harvey was an imposter, and his pretended discovery a fraud. They knew this, sir, as absolutely as gentlemen around me now know that gold, a commodity the price of which has fluctuated more violently than that of any other, is the only absolute and unvarying standard and measure of values.

The knowledge of which I speak is such as has been imparted by every British political economist from Malthus to John Stuart Mill, namely, that in new countries men have always settled first on the best lands, so that, with increase of population and the occupation of the hill-sides, production must decrease in a given ratio with the increase of population, and that war, pestilence, and famine are the gentle providential influences by which alone society is protected against an inevitable return to cannibalism. They know this abso-

lutely and beyond all peradventure, though the observation of every intelligent observer in this broad land confirms the evidence of universal history that early settlements are made on uplands, and that it is only when population and capital have aggregated, and the rich alluvial lowlands may be made salubrious by drainage and other improvements, involving the expenditure of labor and capital, that the more productive valleys can be safely occupied. They do not merely believe this dogma of Malthus; they know the fact as absolutely as the owners of the banking monopoly of this country know that two inconvertible currencies, by one of which the other is to be redeemed, are less complex than one would be, and that it is more economical for the Government to pay eighteen or twenty million dollars of gold annually to the owners of national banks for keeping in circulation that kind of notes which the others redeem, than it would be to substitute greenbacks for bank-notes, and annually save this large amount of gold.

The knowledge I deprecate is such, sir, as this same class of economists possess and promulgate, when, following McCulloch, they assert that a populous country like England can by no possibility double its wealth in less than sixty years. They know this as absolutely as McCulloch did, though Lowe and Gladstone, instructed by the figures of the census and the returns of the revenue office, have found that sixteen years have sufficed to double the wealth of England. What of such facts as these? Are they not impertinent? Do they not contradict *a priori* conclusions? Did not McCulloch say that it could not be done under sixty years, and is he not still an authority before whom not only humble people like myself, but Lowe and Gladstone, and the board of trade, and the facts of current history, should all hide their heads in blushing modesty?

Sir, such knowledge is the bane of these times; and so regarding it, I turn from the field of metaphysical speculation to our own recent history, the story of our revenues as they illustrate the sufferings, the prosperity, and the renewed sufferings of our people, to find an adequate remedy for the ills that now beset our country, which ills, as I shall demonstrate to the satisfaction of every unbiased and disinterested man, flow from the contraction of the current money of the realm and the expansion of that system of individual and corporate credit which transfers the profits of the farmer, the manufacturer, the transporter, and even the wages of the laboring masses, to the banker, the dealer in credit, or what Bonamy Price calls the lender of purchasing power.

Mr. Speaker, there are a number of valuable tables appended to the annual report of the Secretary of the Treasury, not the least valuable of which is a statement of the receipts of the Treasury from March 4, 1789, to June 30, 1873. The table presents the receipts from all sources. But for the present I shall consider only the receipts from customs, internal revenue, and direct taxes; and, except to state the total amount collected up to June 30, 1873, and compare it with the receipts of special periods, I will confine myself to the consideration of those for the years 1856 to 1873 inclusive.

Let us consider first those for the first six years, namely, from 1856 to 1861 inclusive. The receipts of these years other than from public lands and miscellaneous sources were derived from customs only; those of 1856 and part of 1857 were collected under the so-called revenue tariff of 1846, to which the protective tariff of 1842 gave place.

As the receipts under that act were found to be insufficient for the expenses of the Government, the free-traders then in power, believing that lower rates of duties would increase the revenue, enacted the tariff of 1857, which provided for a general reduction of duties. The diminished receipts for the remaining years of the period to which I invite attention illustrate the folly of the theorists who hope to increase the revenues of the Government by paralyzing the industries of the people. For the six years they were as follows:

1856.....	\$64,022,863 50
1857.....	63,875,905 05
1858.....	41,769,620 96
1859.....	49,565,824 38
1860.....	53,187,511 87
1861.....	39,582,125 64

During the last two months of the last of these fiscal years we had an army in the field for the suppression of the rebellion. I have selected these years in part, because, with the brief exception alluded to, they mark a period of profound peace, the financial legislation of which furnishes a striking commentary upon the remark of the gentleman from Massachusetts [Mr. Dawes] that—

Never but once or twice in the history of this Government have we found ourselves, in time of peace, compelled to borrow money to carry on our current expenses.

Sir, our statute-book contains provisions for seven loans during these six years of unbroken peace. The statutes stand there as a commentary upon the absurdity of the American people attempting to develop their country with a currency convertible into specie and under the free-trade policy taught by the manufacturers of Great Britain. The proceeds of six of these loans were applied to the payment of current expenses, and were needed for that purpose only; and the seventh—a comparatively small loan, less than \$3,000,000—was contracted to defray the expenses incurred by Oregon and Washington Territories in the suppression of Indian hostilities in 1855 and 1856. In this time of peace we contracted a debt of \$90,000,000.

Let me call attention to these several acts, upon the passage of every one of which the gentleman from Massachusetts doubtless voted, for

he had at the date of the earliest of them entered upon the career which was to make us bow before his large experience and hail him as the father of the House.

First, we find the act of December 23, 1857, which authorized an issue of twenty millions in Treasury notes, bearing interest at a rate not exceeding 6 per cent. per annum, and receivable in payment of all public dues, and to be redeemed after the expiration of one year from the date of said notes.

Secondly. The act of June 14, 1858, authorized a loan of twenty millions, bearing interest at a rate not exceeding 5 per cent. per annum, and reimbursable, at the option of the Government, at any time after the expiration of fifteen years from January 1, 1859.

Thirdly. The act of June 22, 1860, authorized a loan of twenty millions, bearing interest at a rate not exceeding 6 per cent. per annum, and reimbursable within a period not beyond twenty years, and not less than ten years, for the redemption of outstanding Treasury notes, and for no other purposes.

Fourthly. The act of December 16, 1860, authorized an issue of ten millions in Treasury notes, to be redeemed after the expiration of one year from the date of issue, and bearing such a rate of interest as may be offered by the lowest bidder. Authority was given by this act to issue the notes it authorized in payment of warrants in favor of public creditors at their par value, bearing 6 per cent. interest per annum.

Fifthly. The act of February 8, 1861, authorized a loan of twenty-five millions, bearing interest at a rate not exceeding 6 per cent. per annum, reimbursable within a period not beyond twenty years nor less than ten years. *This loan was made specifically for the payment of the current expenses of the Government, and was to be awarded, without restriction as to terms, to the most favorable bidders.*

Sixthly. The act of March 2, 1861, authorized a loan of ten millions, bearing interest at a rate not exceeding 6 per cent. per annum, and reimbursable after the expiration of ten years from July 1, 1861. In case proposals for the loan were not acceptable, authority was given to the Secretary of the Treasury to issue the whole amount in Treasury notes, bearing interest at a rate not exceeding 6 per cent. per annum. Authority was also given to substitute Treasury notes for the whole or any part of the loans, for which the Secretary was by law authorized to contract and issue bonds at the time of the passage of the act, such Treasury notes to be receivable in payment of all public dues, and redeemable at any time within two years from March 2, 1861.

Seventhly. The act of March 2, 1861, also authorized the issue, should the Secretary of the Treasury deem it expedient, of \$2,800,000 in coupon bonds, bearing interest at the rate of 6 per cent. per annum, and redeemable in twenty years, for the payment of expenses incurred by the Territories of Washington and Oregon in the suppression of Indian hostilities during the years 1855 and 1856.

Now, sir, let me call your attention to the amount of revenue received by the Treasury for the twelve succeeding years, and show you that, as in the six years I have just alluded to, they sank from \$64,000,000 in 1856, to \$39,000,000 in 1861, they ascended in the next five years from \$50,000,000 in 1862, to \$490,000,000 in 1866. I ask gentlemen to note the progress to the grand climax, attained in 1866, of \$490,248,219.12, and also to note the further fact that this was the year immediately preceding the commencement of the work of contracting the volume of our currency. After 1861 the revenues of which I speak were derived from customs, internal taxes, and direct taxes, and the amount collected in each year was as follows:

1862.....	\$50,851,729 35
1863.....	108,185,533 96
1864.....	212,532,936 05
1865.....	295,593,048 88
1866.....	490,248,219 12
1867.....	446,645,582 01
1868.....	357,340,334 82
1869.....	339,170,573 10
1870.....	379,667,223 81
1871.....	349,948,917 05
1872.....	347,012,464 49
1873.....	302,134,091 35

May I not, in view of these figures, pause and ask whether the chairman of the Committee on Ways and Means covered the whole field of possibilities when he suggested that our only resource was an increase of taxation, the making of a loan, or a system of parsimonious retrenchment, which would be alike discreditable to us and damaging to the national credit—a system of retrenchment that would suspend all the public works deliberately provided for the improvement of our rivers and harbors, for the fortification of our coasts, and for the accommodation of the people of the country, in the way of adequate post-offices, court-houses, and other public buildings; a system which, under the name of economy, would still further impair the public revenue, by adding from fifty to one hundred thousand to the vast army of unemployed artisans and laborers of the country, and by contracting the power of the people to consume taxable and dutiable goods.

To enable gentlemen to answer this question, let me ask what power enabled the American people, who could contribute but \$49,000,000 to the revenues of the country in 1859, to pay without complaint \$490,000,000 in 1866? Was it a special providence, or was it the result of congressional action? In 1859 the entire people of the country, whether they dwelt upon the banks of the Rio Grande or in the upper

peninsula of Michigan, were contributors to our revenue. In the meanwhile the people of fifteen of the largest and most fertile States had withheld all contributions from our revenues and paid their taxes into the treasury of the southern confederacy. But notwithstanding this, we had created an army and navy and kept a million of men in the field or afloat; had armed, fed, clothed, transported, and paid our soldiers and sailors with a generosity that no other nation has ever equaled, and had overrun and devastated the southern portion of our country, and reduced its people to a degree of poverty and destitution hitherto unknown to any portion of the people of our country. To the credit of their valor and endurance it may be said that even in 1866, when from sheer exhaustion they had accepted the situation and recognized the stars and stripes as the banner of their country, they were wholly unable to contribute to that country's revenues.

Will gentlemen ascribe the tenfold power of our people to endure taxation to the fact that the southern people no longer shared their burdens. Or will they attribute it to the fact that a million men, mainly made up of the manly youth and youthful manhood of the country, had been withdrawn from productive pursuits to be supported and paid by their brethren while they waged the most destructive warfare of history? Or will they ascribe it to the fact that we were during these years deprived of our great staple exports, cotton and tobacco, and that the exigencies of the war converted much of our commercial marine into transports and armed vessels, and the now acknowledged treachery of England drove the remainder of our merchant ships from the sea?

Sir, I think no one will ascribe the increased wealth and prosperity and power to endure taxation exhibited by the people of the Northern States of the Union to any or to all these influences. No, sir; we must seek the cause of these marvelously beneficent results elsewhere. Happily they are not concealed, and he who will may trace them. They are to be found between the covers of our statute-books. And he who seeks them there will discover that without loan, without increase of taxation, without the parsimonious economy suggested by the chairman of the Committee on Ways and Means, there is another method of replenishing the Treasury, which is as beneficent as it is simple. The thing to be done is to give the people a volume of currency sufficient for the legitimate business of the country, and thus relieve them from the grasp of the banking monopoly and credit-mongers of this and other lands, and enable them to sell their land, their labor, or their commodities for cash, as they did during the war. By this means, and by this means alone, can we replenish the exhausted Treasury and restore the sinking fund.

Money, sir, is the sinews of war. When Sumter was fired on the Government was without recognized resources, and the people were without money. Our currency had been, as the false and delusive phrase goes, on a specie basis; but in 1857 the Bank of England, representing a creditor nation, needed about \$7,000,000 of our specie, and with a creditor's power took it without consulting the interest or convenience of the debtor. The loss of this small amount of the basis of our currency occasioned the collapse of our whole financial system. The Ohio Life and Trust Company exploded; the Pennsylvania Bank echoed the explosion, and before the sun set on that day the banking and financial system of the country had collapsed, and the American people had again been taught that the theory of specie basis for the currency of a debtor nation is a falsehood, a delusion, and a snare. Though nearly four years had elapsed since the Old Lady of Threadneedle street had treated us thus ungenerously, the business of our country had not reacted when Sumter was fired on. Almost as great a percentage of our laboring people were living in enforced idleness in the spring of 1861 as are in that deplorable condition now. To attempt to conduct the war by means of a currency based on specie would have been a folly too great for the men who then administered the Government and led the counsels of the two Houses of Congress. They knew that that was money which the Government declared to be legal tender; and they knew, further, that the credit of the United States of America was an adequate basis for all the money that might be needed for the Army, the Navy, and the civil service of the Government. Their wisdom, as shown in the manner in which they decided this question, it was that saved the Government; and the sufferings the people are now enduring are but the painful proofs of the lack of like wisdom on the part of those who have succeeded them.

Is this theory, sir? Let your statute books answer; and I beg gentlemen to compare the dates of the several laws to which I am about to refer with the progress of the taxable power of the people of this country, the proofs of which I have exhibited; for he who will fairly make this comparison shall no longer doubt that an adequate volume of currency and a low rate of interest will enhance beyond the conception of man the productive powers of a free people, dwelling in a territory as broad and as richly endowed with every element of national and individual prosperity as ours.

In response to President Lincoln's proclamation, Congress assembled on the 4th of July, 1861, to make provision for the support of the Army already in the field and to provide for the future exigencies of the war.

The act of July 17, 1861, authorized a loan of \$250,000,000, the bonds for which should bear 7 per cent. interest and be redeemable at the pleasure of the Government after twenty years; Treasury notes bearing interest at the rate of 7.30 per cent., payable three years after date; and \$50,000,000 of United States notes, without interest, payable

on demand, and left the proportion of the bonds and Treasury notes to the discretion of the Secretary.

The act of August 5, 1861, authorized the issue of 6 per cent. bonds, payable at the pleasure of the United States after twenty years, and provided that they might be issued in exchange for the seven-thirty Treasury notes in sums of not less than \$500, and that the whole amount of the bonds should not exceed the whole amount of seven-thirties.

The act of February 25, 1862, authorized the issue of \$150,000,000 in legal-tender United States notes, \$50,000,000 of which were to be in lieu of the demand notes issued under the act of July 17, 1861, and also authorized a temporary loan of \$25,000,000 in greenbacks for not less than thirty days, payable after ten days' notice, at 5 per cent. interest per annum.

The act of March 1, 1862, authorized an issue of certificates of indebtedness, bearing 6 per cent., payable one year from date, the interest to be paid in gold, principal in greenbacks.

The act of March 17, 1862, authorized an increase of temporary loans of \$25,000,000, at the rate of 5 per cent. per annum.

The act of July 11, 1862, authorized an additional issue of \$150,000,000 legal-tender notes, \$35,000,000 of which might be in denominations less than five dollars; \$50,000,000 of the issue to be reserve to pay temporary loans promptly in case of emergency, and also authorized a further increase of the temporary loans of \$50,000,000.

Joint resolution of January 17, 1863, authorized the issue of one hundred millions in legal-tender notes for the immediate payment of the Army and Navy.

The act of March 3, 1863, authorized a further issue of \$150,000,000 of legal-tenders for the purpose of converting the Treasury notes which might be issued under that act, and a further issue, if necessary, for the payment of the Army and Navy, and other creditors of the Government of \$50,000,000 of legal-tenders and of Treasury notes, (compound-interest notes,) to the amount of \$400,000,000, not exceeding three years to run with interest at not over 6 per cent. per annum, and made them a legal tender for their face value, excluding interest and convertible into United States notes. It also authorized the Secretary to receive gold on deposit, and issue certificates therefor in sums as low as twenty dollars, and certificates of indebtedness payable, principal and interest, in currency with no limitation of the amount that might be issued; and also authorized an issue not exceeding \$50,000,000 in fractional currency exchangeable for United States notes in sums not less than three dollars, and receivable for any dues to the United States less than five dollars except duties on imports, the act of July 17, 1862, having authorized such issues and made them redeemable in sums not less than five dollars.

The act of June 4, 1864, authorized the increase of temporary loans to \$150,000,000, at a rate not exceeding 6 per cent.

It will be observed that I have only referred to such acts or parts of acts as authorized the issue of currency, and have made no reference to those providing for permanent loans, and offered the people permanent investments for money. What was chiefly needed to develop the energies of our country was a medium of exchange whereby the Government could purchase supplies, and pay the Army and Navy, the civil list, and the wages of labor; and in providing for these, its own necessities, it furnished the people with a medium of exchange by which they were able to buy and pay for whatever commodity they needed, and their fellow-man had to sell. The whole business of the country was thus put upon a cash basis, and the mortgages and judgments that had encumbered the farms, workshops, warehouses, and homes of the country were paid and extinguished. So that the property of the people of the Northern States was at the close of the war freer from incumbrance than it had ever been from the settlement of the country. Such was now the progress of our country that new States were called into existence and admitted to the Union, and our industries were enlarged and improved in every direction. When the war began, before greenbacks had been issued, we had not the machinery in the country with which to spin and weave the clothing for the Army we were soon to put in the field; but when that Army was brought North to be disbanded, it was clad in clothes of our own manufacture, and clad with a degree of comfort that no other army had ever been. When the war began we could not make the iron from which to fashion a gun-barrel that might safely be placed in the hands of a soldier, and when it closed we could make better iron for that purpose than we could buy from any other people. Our railroads, especially those running north and south, had before the issue of greenbacks been profitless and in dilapidation, but when the work of reconstruction began they were mostly doubled-tracked, and dividend-paying.

But, sir, I have not indicated the sole and exclusive legislative cause of the improvement in the condition of the people of the country. Coincidentally with the acts authorizing the issue of currency others were adopted which were scarcely less beneficial in their operation, inasmuch as they had the effect of securing to the American mechanic and artisan at least an equal chance in their own markets with the foreigners who, under the free-trade system, had enjoyed an almost undisputed monopoly.

The attempt to supply the Treasury with revenue by reducing the rates of duties on foreign goods having proved a failure, as such attempts always must, it became apparent, even to the friends of free trade, that the rates of duties on imports must be increased, or direct

taxes be levied, and the act of March 2, 1861, increased the rates of duties and distinctly recognized the principle of protection. The act of August 5, 1861, made an additional increase in the rates of duties and of farther recognition of the necessity of protective duties. The act of December 4, 1861, imposed duties on teas, coffee, and sugars, which had been upon the free list. The act of July 14, 1862, provided for a temporary increase of the duties on imports. The act of March 3, 1863, provided specially for an increase of duty on paper and some other articles. The act of April 29, 1864, added 50 per cent. to all existing duties, and was to continue in force for sixty days. The act of June 27, 1864, continued it in effect to July 1, 1864. Meanwhile the act of June 30, 1864, providing systematically for an increase equal or greater than 50 per cent. upon the duties provided by the act of March 3, 1863, and preceding acts, went into effect. Further legislation of a like character was had March 3, 1865, July 28, 1866, March 2, 1867, and February 24, 1869, since which the acts of July 14, 1870, and June 6, 1872, have made considerable reductions in the rates of duty, and thus combined with the policy of contraction in prostrating our industries and reducing the rates of wages throughout the country.

Mr. Speaker, I pause at this point to correct an error into which the gentleman from Ohio, [Mr. GARFIELD,] chairman of the Committee on Appropriations, has fallen, and which must not pass without correction. In the course of his able speech on Thursday last he presented a statement which seems to have been prepared with sufficient care to give it authenticity. It is as follows—

Mr. GARFIELD. I hold in my hand the report of the Secretary of the Treasury, which gives the statement of the reductions. I have here a copy, which I did not take time to read when I addressed the Committee of the Whole the other day, but which I sent to the printers. By a mistake of the clerk who made the copy for me, the word "customs" instead of "internal" is placed before the first four years of taxation. I allowed my remarks to appear in the RECORD the next morning, without delaying their appearance for the purpose of doctoring them up.

Mr. KELLEY. If the mistake had been one which I supposed everybody would have corrected I would not have noticed it, but it has gone out with the appearance of such seeming careful preparation, that if not corrected now it might become a dangerous authority in the future. I will, therefore, proceed with the statement I had prepared. The figures given are as follows:

By the act of July 13, 1866, customs duties were repealed to the amount of.....	\$65,000,000
By the act of March 2, 1867, customs duties were further reduced by the sum of.....	40,000,000
By the acts of February, March, and July, 1868, customs duties were still further reduced by the sum of.....	68,000,000
By the act of July 14, 1870, the reduction was:	
On customs.....	\$55,000,000
On internal revenue.....	29,526,410
	84,526,410
By the acts of May 1, and June 6, 1872, the reduction, as stated by the chairman of the Committee on Ways and Means, was, for eleven months last year:	
On customs.....	\$44,365,364
On internal revenue.....	17,695,456
	62,060,820

Making a total reduction, since the close of the fiscal year 1866, of... 319,527,230

Sir, had the course of legislation been as this statement alleges, the financial crash which came in last September would have overtaken the country more than four years ago. It would have come with the force of a tornado, and from causes so direct and palpable as to have excluded debate, such as is now taking place between the friends of contraction and those who desire to maintain a volume of currency adequate to the legitimate wants of the country, as to the cause of the recent crisis. It would not only have closed all the factories and workshops of the country, but all the custom-houses also; for it would have abolished the tariff system of the country, and left us dependent for revenue upon internal taxes alone. The acts of June 13, 1866, March, 1867, February, March, and July, 1868, are said to have repealed duties sufficient to yield \$173,000,000 per annum; and those of July 14, 1870, and May 1 and June 6, 1872, have added to the repeal others which yielded \$99,000,000. To show the grossness of this error, I point to the fact that we derived from customs in—

1866.....	\$179,046,651 58
1867.....	176,417,810 88
1868.....	164,464,559 56

If, as the gentleman says, we had in those three years repealed duties enough to yield \$173,000,000, what would have remained of our customs system? We would then have had free trade in a higher degree than has ever been practiced by a commercial nation, and its fruit would have been not only wide-spread bankruptcy, but wide-spread anarchy.

The gentleman's figures may or may not be correct. I know that the act of 14th of July, 1870, did repeal \$55,000,000 of customs duties, and those of 1872 \$44,000,000, but those repealed in 1870 were chiefly duties on raw material entering into our food or manufactures, and which competed in our markets with no American productions. Therefore, while they relieved the people of taxation, they did not impair the protection to our labor afforded by our tariff laws, as did the 10 per cent. reduction of 1872. The previous repeals were not of customs, but of internal taxes. They lightened the burdens of our people, and

in some degree compensated the producing classes of the country for the contraction of the currency which was compelling them to borrow capital, to sell on credit, and to pay inordinate rates of interest upon the capital they borrowed.

And I take occasion to remark here and now that the repeal of these internal taxes did not essentially diminish the revenues of the country. The repeal stimulated its industries; it enabled employers to pay higher rates of wages than they could have done had these taxes been maintained, and thus enabled the people, both capitalists and laborers, to consume more freely of taxable and dutiable goods than they otherwise would have done. Their repeal thus more than compensated the current revenues for the apparent loss they were to sustain by the direct repeal. But as this is a divergence from the line of thought and illustration I am pursuing, I will not at this time elaborate the point.

Mr. Speaker, in his letter of February 13, 1865, to Hon. Schuyler Colfax, Henry C. Carey, the most profound and philosophic student of social science the world has yet produced, said:

Had it been possible, on the 4th of March, 1861, to take a bird's-eye view of the whole Union, the phenomena presenting themselves for examination would have been as follows:

Millions of men and women would have been seen who were wholly or partially unemployed, because of inability to find persons able and willing to pay for service; hundreds of thousands of workmen, farmers, and shop-keepers would have been seen holding articles of various kinds for which no purchaser could be found; tens of thousands of country traders would have been seen poring over their books, seeking, but vainly seeking, to discover in what direction they might look for obtaining the means with which to discharge their city debts; thousands of city traders would have been seen endeavoring to discover how they might obtain the means with which to pay their notes; thousands of mills, factories, furnaces, and workshops, large and small, would have been seen standing idle while surrounded by persons who desired to be employed; and tens of thousands of bank, factory, and railroad proprietors would have been seen despairing of obtaining dividends by means of which they might be enabled to go to market.

High above all these would have been seen a national Treasury wholly empty, and to all appearance little likely ever again to be filled.

Why was all this? The laborer needing food and the farmer clothing, why did they not exchange? Because of the absence of power on the part of the former to give to the latter anything with which he could purchase either hats or coats.

The village shop-keeper desired to pay his city debts. Why did he not? Because the neighboring mill was standing idle, while men and women indebted to him were wholly unemployed.

The city trader could not meet his notes, because his village correspondents could not comply with their engagements. The doctor could not collect his bills. The landlord could not collect his rents; and all, from laborer to landlord, found themselves compelled to refrain from the purchase of those commodities to whose consumption the national Treasury had been used to look for the supplies upon which it thus far had depended.

With all the difficulty resulted from the one great fact already indicated in regard to the laborer. If he could have found any one willing to give him something that the farmer would accept from him in exchange for food, that the farmer could then pass to his neighbor shop-keeper in exchange for cloth, that that neighbor could then pass to the city trader in satisfaction of his debt, and that that latter could then pass to the bank, to his counsel, his physician, or his landlord, the society circulation would at once have been re-established and the public health restored.

That one thing, however, was scarcely anywhere to be found. Its generic name was money; but the various species were known as gold, silver, copper, and circulating notes. Some few persons possessed them in larger or smaller quantities, but the total amount being very small when compared with that which was required, their owners would not part with the use of them except on terms so onerous as to be ruinous to the borrowers. As a consequence of this, the city trader paid 10, 12, and 15 per cent. per annum for the use of what he needed, charging twice that to the village shop-keeper, in the prices of his goods. The latter, of course, found it necessary to do the same by his neighbors, charging nearly cent. per cent.; and thus was the whole burden, resulting from deficiency in the supply of a medium of exchange, thrown upon the class which least could bear it, the working people of the country—farmers, mechanics, and laborers. As a consequence of this, they shrank in their proportions as the society circulation became more and more impeded, while with those who held in their hands the regulation of the money supply the effect exhibited itself in the erection of those great palaces which now stand almost side by side with tenement houses whose occupants, men, women, and children, are counted by hundreds. The rich thus grew richer as the poor grew poorer.

Why was all this? Why did they not use the gold of which California had already sent us so many hundred millions? Because we had most carefully followed in the train of British free-trade teachers, who had assured our people that the safe, true, and certain road toward wealth and power was to be found in the direction of sending wheat, flour, corn, pork, and wool to England in their rudest form, and then buying them back again at quadruple prices, paying the difference in the products of California mines. Because we had in this manner, for a long period of years, been selling whole skins for a sixpence and buying back tails for a shilling. Because we had thus compelled our people to remain idle while consuming food and clothing, the gold meanwhile being sent to purchase other food and clothing for the workmen of London and Paris, Lyons, Manchester, and Birmingham.

Why, however, when circulating notes could so easily be made, did not the banks supply them, when all around them would so gladly have allowed interest for their use? Because those notes were redeemable in a commodity of which, although California gave us much, we could no longer retain even the slightest portion, the quantity required abroad for payment of heavy interest, and for the purchase of foreign food in the forms of cloth and iron, having now become fully equal to the annual supply, and being at times even in excess of it. That demand, too, was liable at any moment to be increased by the sale in our markets of certificates of debt then held abroad to the extent of hundreds of millions, the proceeds being claimed in gold, and thus causing ruin to the banks. To be out of debt is to be out of danger, but to be in debt abroad to the extent of hundreds of millions is to be always in danger of both public and private bankruptcy. The control of our whole domestic commerce was therefore entirely in the hands of foreigners who were from hour to hour becoming richer by means of compelling us to remain so dependent upon them that they could always fix the prices at which they would buy the skins, and those at which they would be willing to sell the tails. As a necessary consequence of this the nation was not only paralyzed but in danger of almost immediate death.

Such having been the state of things on the day of Mr. Lincoln's inauguration, let us now look at the remedy that was then required. Let us for a moment suppose the existence of an individual with wealth so great that all who knew him might have entire confidence in the performance of what he promised. Let us then suppose that he should have said to the laborers of the country, "Go into the mills, and I will see that your wages are paid;" to the millers, "Employ these people, and I will see that your cloth is sold;" to the farmers, "Give your food to the

laborer and your wool to the millers, and I will see that your bills are at once discharged;" to the shop-keepers, "Give your coffee and your sugar to the farmer, and I will see that payment shall forthwith be made;" to the city traders, "Fill the orders of the village shop-keeper, and send your bills to me for payment;" to the landlords, "Lease your houses, and look to me for the rents;" to all, "I have opened a clearing-house for the whole country, and have done so with a view to enable every man to find on the instant a cash demand for his labor and its products, and my whole fortune has been pledged for the performance of my engagements;" and then let us examine into the effects. At once the society circulation would have been restored. Labor would have come into demand, thus doubling at once the productive power of the country. Food would have been demanded, and the farmer would have been enabled to improve his machinery of cultivation. Cloth would have been sold, and the spinner would have added to the number of his spindles. Coal and iron would have found increased demand, and mines and furnaces would have grown in numbers and in size. Houses becoming more productive, new ones would have been built. The paralysis would have passed away, life, activity, and energy having taken its place; all these wonderful effects having resulted from the simple pledge of the one sufficient man that he would see the contracts carried out. He had pledged his credit, and nothing more.

What is here supposed to have been done is almost precisely what has been done by Mr. Lincoln and his administration; the only difference being that, while in the one case the farmers and laborers had been required to report themselves to the single individual, or his agents, the Government has, by the actual purchase of labor, and its products, and the grant of its pledges in a variety of shapes and forms, enabled each and every man in the country to arrange his business in the manner that, to himself, has seemed most advantageous. To the laborer it has said, "We need your services, and in return will give you that which will enable your family to purchase food and clothing." To the farmer it has said, "We need food, and will give you that by means of which you can pay the shop-keeper." To the manufacturer it has said, "We need cloth, and will give you that which will enable you to settle with the workman and the farmer." To the naval constructor it has said, "We need your ships, and will give you that which will enable you to purchase timber, iron, and engines." In this manner it is that domestic commerce has been stimulated into life, the result exhibiting itself in the facts that, while we have, in the last three years, increased the number of our houses and ships, our mills, mines, and furnaces, our supplies of food, cloth, and iron to an extent never known before; and while we have diversified our industry to an extent that is absolutely marvellous, we have been enabled to lend, or pay, to the Government thousands of millions of dollars, where before, under the system which made us wholly dependent on the mercy of the "most wealthy capitalists" of England, we found it difficult to furnish even tens of millions. The whole history of the world presents no case of a financial success so perfect.

Mr. Speaker, it is evident that Mr. Carey attributed the depression of the country, prior to 1862, to a lack of legal-tender currency, and ascribed the boundless prosperity it enjoyed after the laws providing for the issue of our inconvertible paper money had been carried into effect to the issue of a volume of such currency adequate to the industrial demands of the country. "The whole history of the world," said he, "presents no case of a financial success so perfect." This is a broad statement. Is it sustained by experience? That it is not marred by any degree of exaggeration I am confident, for the eminent teacher who uttered it is in the habit of weighing his words most nicely.

Let me, therefore, proceed rapidly to examine the facts of the case, and, continuing the line of illustration I have presented, let me recur to Table G, page 10, of the appendices to the report of the Secretary of the Treasury. It is a statement of the receipts of the United States from March 4, 1789, to June 30, 1873, by calendar years to 1843, and by fiscal years ending June 30, from that time. This statement shows that the total receipts of the Government, during its whole existence, prior to June 30, 1873, from customs, internal revenue, and direct taxes amounted to \$5,289,467,480.30. During the seven years to which I have heretofore referred, to wit, from 1853 to 1862 inclusive, the amount received from these sources—and I shall consider the receipts from no others—was \$362,874,580.75; the average receipts per year having been something over \$50,000,000. During the same years we received 1,033,697 immigrants. The immigration into the country is an element of wealth and taxable power that cannot properly be omitted from such a consideration as that in which we are now engaged. I therefore propose to present the two subjects in parallel columns:

Year.	Revenue.	Immigration.
1856	\$64,022,863 50	200,436
1857	63,875,905 05	251,306
1858	41,789,620 96	123,126
1859	42,565,824 38	121,282
1860	53,187,511 87	153,640
1861	39,532,125 64	91,639
1862	50,851,729 35	91,987
Total	362,874,580 75	1,033,697

I pause for the present but to invite attention to the facts that the revenue received in 1853 was over \$34,000,000, but in 1861 the receipts had sunk to but little more than \$30,500,000, and that immigration, which in 1853 was over 200,000, had by 1861 fallen to less than 92,000. Free trade and money which falsely professed to represent gold had done their work. These were the results they had produced: Every industry of the country was paralyzed; no effort was making to develop its resources, and the vast army of unemployed laborers had served notice upon their brethren in their respective father-lands that they were better at home, let them endure what governmental oppression they might, than they could be in a republic which denied its citizens permission to earn wages by employing their industry upon its boundless stores of multiform raw material.

Let me now present the receipts from the same sources, and the number of immigrants received for another series of seven years,

beginning with 1866. As I have said, the total receipts from the foundation of the Government to the close of the last fiscal year were \$5,239,467,480.30. Let me now show that more than one-half of the whole sum, or \$2,710,033,324.40, was received in the years 1866 to 1872 inclusive, during which the volume of our inconvertible currency was at its maximum. The annual receipts and number of immigrants were as follows:

Year.	Revenue.	Immigration.
1866.....	\$400,248,219 12	318,494
1867.....	444,645,582 01	298,358
1868.....	357,340,334 82	297,215
1869.....	339,170,573 10	305,922
1870.....	379,667,233 81	378,796
1871.....	349,948,917 05	367,789
1872.....	347,012,464 49	443,493
Total.....	2,710,033,324 40	2,506,057

The average receipts per year during this period having been \$337,147,617.77, or more than \$20,000,000 per year in excess of the total receipts of the last seven years of convertible currency and free trade.

Are not these results striking and instructive? To what will the bullionist and contraction philosophers ascribe them? Can they legitimately ascribe them to the fact that during the former period the people enjoyed such a measure of prosperity as might be had on a specie basis, and under the system of British free trade, and that throughout the latter period the poverty of the people of the Southern States was such that their best fields were unfenced and uncultivated, and they were without capital or currency with which to improve them or engage in any enterprise for the development of the resources of their richly endowed country? If this be not the cause, then it must be ascribed to the fact that currency was abundant; the business of the country was conducted on a cash basis; the rates of interest paid by the few who were compelled to borrow were low, and the prosperous and busy people of the North made the bulk of these enormous contributions without feeling the draft upon their annual profits to be onerous or oppressive. Who can contemplate the fact that more than half the revenues collected by our Government from its foundation to the 1st of July, 1873, was paid in seven successive years without perceiving that the cause of this ability was exceptional? In seeking for that cause we must examine only those facts which were exceptional in our history, as was the issue of inconvertible legal-tender currency, redeemable in the interest-bearing bonds of the Government and by its receipt for taxes. Thus only can this momentous fact be interpreted or accounted for.

But let me still further enforce this great lesson, even at the expense of something of repetition, and in doing so reduce the conclusion I have uttered to a demonstration.

The first issues of our paper money, demand notes, were provided for by the acts of July 17 and August 5, 1861. The act which authorized the issue of the first \$150,000,000 of legal-tenders was that of February 25, 1862, and it was consequently in 1862 that the people began to experience the beneficent influence of a currency founded upon the credit of a Government of illimitable resources. Having shown that in seven years in which that currency was most abundant and efficient the revenues of the Government exceeded 50 per cent. of the whole amount collected from its organization to the close of 1873, let me proceed to show that the receipts during the eleven years from 1863 to 1873 inclusive amounted to about two-thirds of the entire revenue the Government had received from customs, internal revenue, and direct taxes, or twice as much in eleven years as had been received in the preceding seventy-two years. The total receipts, as I have already twice stated, were \$5,239,467,480.30. The receipts from 1863 to 1873 inclusive were \$3,623,478,934.64, or about 65 per cent. of the whole sum. They were as follows:

Year.	Revenue.	Immigration.
1863.....	\$108,085,533 96	176,282
1864.....	212,532,936 05	193,416
1865.....	205,533,048 88	249,061
1866.....	400,248,219 12	318,494
1867.....	444,645,582 01	298,358
1868.....	357,340,334 82	297,215
1869.....	339,170,573 10	305,922
1870.....	379,667,233 81	378,796
1871.....	349,948,917 05	367,789
1872.....	347,012,464 49	443,493
1873.....	302,134,091 35	421,294
Total.....	3,623,478,934 64	3,546,110

Weary as gentlemen may be of these statistical details, I must proceed to complete my demonstration. The special facts of each year are before you. Let me, on one other point, invite your attention to a comparison.

The total revenue collected by the Government from the sources under consideration, from its organization to the 1st of July, 1862, the

year in which greenbacks were authorized, was \$1,660,298,545.66, and gentlemen who will consider the figures I have given them will find that the aggregate income from these sources for the four years of 1866, 1867, 1868, and 1869 was not \$27,000,000 less than the total sum that had been collected under the specie-basis system of currency and the operation of free trade, which, with brief intervals, had prevailed from the foundation of the Government. The total for these years was \$1,633,404,709.05.

The account stands thus:

From the organization of the Government to 1862.....	\$1,660,298,545 66
During 1866, 1867, 1868, and 1869.....	1,633,404,709 05
	26,883,836 61

I trust gentlemen will consider and digest these facts. They are worth all the dogmas of sophists and doctrinaires that have ever been promulgated; and demonstrate the wicked absurdity of those who accuse our Government of maintaining a forced loan, and characterize our currency as lying and fraudulent. That for the present it is not, as those who issued it intended it should ever be, redeemable, I admit. It was redeemable so long as the Government kept faith with citizens and accepted the greenback in exchange for interest-bearing temporary loans; and I am, as gentlemen well know, striving to induce Congress to adopt a bill, the effect of which will be to again make it redeemable by accepting it in exchange for temporary-loan certificates bearing a low rate of paper interest, such as are known to the people as three sixty-five bonds. By the adoption of this measure, which will restore the redeemability of the greenback and increase its value by giving it additional use and profit, the reissue of the part of the \$400,000,000 we have withdrawn and the release of the bank reserve by the substitution of greenbacks for national-bank notes, the prosperity of the people will be restored, and our reservoir will again be filled, notwithstanding the vermin that infest it and haunt the brain of the chairman of the Committee on Ways and Means.

But, Mr. Speaker, conclusive as is the proof I have adduced, more pregnant evidence may be presented of the wealth-creating power of an adequate supply of the medium of exchange called money, whether it be composed of a material possessing intrinsic value, or be but paper pledges of the credit of a people whose resources are beyond the possibility of doubt—such as the greenback, which, like our bonds, is a pledge of the faith and credit of the American people.

Annual taxes are a draft upon the annual profits of the people; and the question, did the enormous taxation shown by the tables I have presented exhaust the resources of the people? is pertinent to the issue we are considering. How large have been the annual profits of the American people since we abandoned the ancient theory that paper money must represent an amount of gold in hand sufficient for its redemption? Have they increased or diminished? Have they been large enough during the last eleven years to endure an annual average taxation of nearly \$400,000,000, or has the drain thus made upon them by the Government exhausted their profits and impoverished them? Sir, in no period of our history has the taxation of the General Government borne a smaller relation to the current profits of the American people than during these same eleven years; for, sir, in no previous period of that duration, or indeed I may say of all the years from the foundation of the Government, could the people have lent it as much money as they did while paying these taxes, till we had availed ourselves of the talismanic power of a sufficient volume of currency for calling into action all the capabilities of our people, who, by their inventive power and industry, converted into forms of utility and beauty the vast and varied resources of our country.

When the war closed the Government of the United States was debtor to the American people on various forms of evidences of debt to the amount of nearly, if not quite, \$2,000,000,000, every dollar of which had been loaned subsequent to the issue of the first emission of our inconvertible paper money. At that time but little of our funded debt had gone abroad. Neither England nor France had taken any of our gold-bearing bonds before the war had closed and the work of national reconstruction had begun. The American people trusted their Government, but foreigners had little faith in it. In Germany a market had been found for a limited amount; but our people were the creditors of our Government for nearly the total amount of the outstanding obligations. And what were they, and what was their amount? Mr. Gibbon, whose statistics are gathered from the exhibits made by the Treasury of its condition on the close of the fiscal year which terminated on the 30th of June, 1863, on page 37 of his work entitled *The Public Debt of the United States*, shows that the indebtedness of the Government to the people was as follows:

Five-twenties of 1862.....	\$514,780,500 00
Five-twenties of 1864 and 1865.....	207,425,000 00
Seven-thirties past due and convertible.....	139,301,700 00
Seven-thirties past due and convertible, (subject to conversion in 1867 and 1868).....	806,251,550 00
Temporary loans, certificates of indebtedness, and compound-interest notes subject to conversion.....	305,579,336 65
Treasury notes and fractional currency.....	431,144,312 96
Total.....	2,404,482,399 61

Almost every dollar of this grand total—certainly \$2,000,000,000 of it—was held by the American people; for the \$321,742,650 of ten-forties, sixes of 1861, and the bonds issued to the Pacific Railroad Company, which are not embraced in this statement, represented the

whole sum, or very nearly the whole sum, of our indebtedness then held in foreign countries.

Contrast these generous contributions with the results with which the credit of the United States was hawked and peddled, regardless of rates of interest, during the decade preceding the issue of greenbacks, and in a time of profound peace; and he who is not willfully blind will find in the contrast an absolute demonstration of the utter inadequacy of any volume of currency that can be safely based on the limited amount of gold now in existence to effect the legitimate exchanges making, and to be made, between the American people.

Sir, let me in this connection impress another point upon the House. Most of these loans were made to the Government in money, the current coin of the realm, the legal-tender of the nation, and no loans of this or any other country are ever taken on such terms by foreigners. They purchase foreign bonds with commodities. It is true now, as it was in the days of Solomon, that "the rich ruleth over the poor, and the borrower is servant to the lender;" and this truth is as applicable to nations as to individuals. The nation that may not or will not rely upon its own people for its resources, but borrows from foreigners, must accept such terms as the lender may be pleased to offer. What England and Germany have given us in exchange for our gold-bearing bonds is well told by Professor Bonamy Price, of Oxford University, in his article on Lombard Street, in Fraser's Magazine for October, 1873. Let me read what he says:

England is described as "the greatest moneyed country in the world; as having much more immediately disposable and ready cash than any other country." Is that so; is it certain that England has more gold and bank-notes than any other country? The Bank of France—not the present hoarders—had fifty millions of English pounds in gold before the war. At that time we would rather have backed France than England for cash. But, then, it is plain that by money and cash is meant the "loan fund" of banks, which is further illustrated by reckoning up deposits—"money deposited in banks." Is there no need here for pointing out that deposits are merely debts, and the money in the bank only a register of names and figures? "If a nation wants even to make a railway, it is sure to come to the country of banks for the money; and English bankers are great lenders to those who lend to foreign states." But what do they lend? Cash—a loan of fifty or one hundred millions of cash? The very mention of such an idea excites a smile. There is no consciousness awake to the fact that loans to foreign railways are taken out in locomotives and rails; and loans to foreign states leave England in some form of English goods. The province of Canterbury, in New Zealand, is making new railways with astonishing rapidity; yet it is "a poor state, deficient in accumulated riches." How, then, does it acquire the means of constructing railways? By sending money, cash, to England! It has none to send; but it has wool, and the wool crosses the water and a bill is drawn, and iron is bought in England and another bill is drawn, and they cancel each other, and the railway is made. Banking has been employed, but no money or cash. Even if more iron is bought than the wool can pay for, the agency of banks merely finds some one who will lend iron to the colony.

Gentlemen will please remark that Professor Price says that "loans to foreign states leave England in some form of English goods." This is true; and the exchange received for our gold-bearing bonds has not been money, but Birmingham and Manchester wares, which we should have produced for ourselves. As if to emphasize this fact, the professor immediately proceeds to say:

The wealth of England, which she can lend to individuals or to states, is not cash, but commodities.

Gentlemen may attribute to the subtle laws of trade the fact that debtor nations exchange their interest-bearing bonds for perishable commodities. But, sir, potent as are these laws in securing the ascendancy of creditor nations, England will not accept them as the sole or sufficient means for her protection. She advises all the rest of the world to adopt free trade, and with undoubting faith to stake all their interests upon the law of demand and supply. Her currency is nominally on a gold basis, and would be contracted by heavy shipments of gold were she to permit them to occur. But with all her love of free trade and professed respect for the law of supply and demand, she does not permit them to occur; but when such events are threatened, arbitrarily interposes the power of government to prevent them. She has recently twice constrained the course of our trade; and, in order to prevent the contraction of her currency which would follow the export of bullion, has compelled the United States to buy its own bonds, at such prices as they could be had in a market circumscribed by the financial necessities of England. I make this statement on the authority of Mr. BOUTWELL, late Secretary of the Treasury, who, in the course of his remarks in the Senate, on the 22d of January last, said:

When the negotiations were going on in London for the sale of the largest amount of United States bonds that have ever been sold there at one time, it was foreseen by the Bank of England that a quantity of coin would accumulate, as the proceeds of these bonds to the credit of the Government of the United States. As a matter of fact, there was an accumulation of about \$21,000,000. The Bank of England, foreseeing that there would be an accumulation of coin to the credit of the United States which might be taken away bodily in specie, gave notice to the officers of the Treasury Department of the United States that the power of that institution would be arrayed against the whole proceeding unless we gave a pledge that the coin should not be removed, and that we would reinvest it in the bonds of the United States as they were offered in the markets of London. We were compelled to comply.

There is another fact, known to all. We recovered at Geneva an award against Great Britain of \$15,500,000. When this claim was maturing the banking and commercial classes of Great Britain induced the government to interpose, and by diplomatic arrangements through the State Department here, operating upon the Treasury Department, secured the transfer of securities, and thus avoided the transfer of coin.

Do not these statements, so humiliating to us and so contradictory of the advice England persistently imparts to other countries, prove not only England's insincerity, but that the nation that goes abroad to borrow still becomes the servant of the lender, as in Solomon's

day? And do they not illustrate also the patriotism and good sense of Postmaster-General Creswell, who in his last annual report says?

Sound policy dictates that the Government should lose no opportunity of borrowing from its own people, at a low rate of interest, for the purpose of discharging an indebtedness abroad or relieving industry and enterprise at home from the trammels of taxation. But when the Government can arrest panic, restore confidence, call forth the hoarded treasure of the country, and revive the pursuits of industry, by a simple pledge of the people's credit for the people's security, who will say that that pledge should not be given?

I have said that at the close of the war our own people held nearly all of the national debt. Will you have proof of this? You will find it in the facts shown by Gibbon, that in October, 1866, one-half of the loans and discounts carried by the banks consisted of Government securities, and that these institutions held, including the bonds deposited for currency, more than one-quarter of the entire national debt.

Alas, sir, how sadly things have changed in this respect. There is scarcely that percentage of our debt now held by all the corporations and people of the country. When the work of contracting the currency began, when the temporary-loan certificates, the seven-thirties, the compound-interest notes, and the certificates of indebtedness, were withdrawn from the reserves of the banks, and called in and converted into permanent loans in the form of gold-bearing bonds, and the gold of the Treasury was applied to the purchase and withdrawal from circulation of \$44,000,000 of greenbacks, the rapid process of contraction compelled the American people to convert their securities into available capital for current purposes; and as that mistaken process continued, our people became less and less able to hold permanent loans, though they bore a rate of interest much higher than is paid by any European nation, but which is, withal, greatly below the rates demanded from their customers by the bankers and credit-mongers of this country.

Thus has our indebtedness been driven abroad, and thus have we become the servants of the money-changers of England and the Continent. So far and so rapidly has this fatal policy been pursued, that at last the Government has been compelled, by the overruling law of necessity, to emit part of its hoarded greenbacks, by the purchase of which it had supplied England with gold; to suspend the sinking fund; and to implore Congress to restore war taxes in a time of profound peace; it has brought the people to bankruptcy, and fears it may share their fate. Meanwhile the development of the country has ceased, the great thoroughfares which were to have connected the Atlantic and the Pacific on our northern and southern borders, together with many shorter roads, are abandoned, at least for the present; a vast percentage of the machinery of the country stands idle; one-third of the furnaces have been blown out; rail and bar mills are without employment; thousands of skilled artisans in the cities, during months of enforced idleness, have exhausted the little sums which through long years they had garnered in savings-banks, and, with their families, are gathering about cold hearthsides and eating the nauseous bread of charity. Not only has the tide of immigration been checked, but each outgoing steamer carries long lists of returning emigrants, and European papers teem with all too faithful accounts of the grand movements in our metropolitan cities for the relief of the suffering poor, the unemployed clerk, artisan, and laborer; and with such a text they are admonishing those who by the hundreds of thousands have looked forward to a free home in a broad land of republican institutions, that they are surer of the comforts of life in the lands of their birth than they could be here.

Gentlemen, denying that the currency has been unduly contracted and saying that money is abundant and the rates of interest easy, point to financial articles in New York papers to prove the truth of their assertions. Sir, if money be abundant, why are the poor exhausting their garnered treasures and compelling the savings-banks to call in overdue mortgages to meet the pressing demands of depositors? If money is plenty, why are the mill, the forge, the furnace, the factory, and the workshop deserted, and those whose toil filled them with the hum of busy industry now being fed by the hand of charity? No, sir, money is not plenty; and he who needs to borrow any considerable sum upon mortgage or a six months' note, let his security be what it may, will find that it is scarce at any rate which the profits of current business will enable him to pay. Not only is money scarce, but the fear of further contraction paralyzes the energy of the people. The consciousness that the volume of money now accessible to the American people is inadequate to the legitimate business of the country, and may be further reduced, holds enterprise in restraint and prevents men of ordinary caution from engaging in the production of commodities they may have to sell on a falling market or to hold indefinitely, because their market has been destroyed by depriving the mass of the people of the power to purchase and consume as they did when fully employed at remunerative wages.

This unhappily is not declamation; it is but a feeble statement of the condition of affairs existing throughout our country. And without pausing to present a large array of facts to prove its truth, I invite attention to the condition of but one institution—that of the Philadelphia Saving Fund Society. Its story is that of every similar institution in the Eastern States. Its charter prohibits it from receiving more than \$500 in any one year from any one depositor. It is pre-eminently the savings-bank of the laboring people, in which, by depositing small sums, many of them from one to ten dollars, they accumulate a few hundred dollars as a reserve for sickness and age, or a fund upon which to start into another and more attractive pur-

suit in life. The following statement of the number of its receipts and payments during the last year well illustrates its character:

RECEIPTS.	
From one to ten dollars.....	12, 600
From ten to twenty dollars.....	12, 082
From twenty to thirty dollars.....	10, 678
From thirty to fifty dollars.....	10, 401
From fifty to one hundred dollars.....	11, 666
From one hundred to one hundred and fifty dollars.....	4, 652
From one hundred and fifty to two hundred dollars.....	1, 994
From two hundred to three hundred dollars.....	2, 040
Over three hundred dollars.....	2, 345
Total.....	68, 458
PAYMENTS.	
Under one hundred dollars.....	21, 808
One hundred dollars and upward.....	6, 201
Two hundred dollars and upward.....	2, 851
Three hundred dollars and upward.....	1, 580
Four hundred dollars and upward.....	1, 026
Five hundred dollars and upward.....	1, 162
Six hundred dollars and upward.....	377
Seven hundred dollars and upward.....	272
Eight hundred dollars and upward.....	203
Nine hundred dollars and upward.....	164
One thousand dollars and upward.....	603
Total.....	36, 247

This statement illustrates the persistency of the toil and thrift of the depositors, and gives an idea of the reluctance with which they would draw upon the funds they had thus slowly accumulated. How largely they have been forced to draw, this other statement will show. It gives the number and amount of deposits received and of payments made during the year 1873, and the months of January and February, 1874:

Months.	Number received.	Amount received.	Number paid.	Amount paid.
January.....	7, 843	\$490, 264 42	2, 895	\$324, 680 77
February.....	6, 272	344, 287 82	2, 267	293, 482 95
March.....	6, 918	383, 830 02	2, 779	391, 894 63
April.....	6, 267	392, 626 63	2, 773	432, 989 39
May.....	6, 258	380, 986 32	3, 078	497, 695 59
June.....	6, 325	386, 274 40	2, 559	363, 595 82
July.....	7, 111	466, 110 99	2, 638	351, 368 29
August.....	6, 103	353, 346 87	2, 299	319, 152 59
September.....	5, 754	323, 151 31	2, 642	376, 241 21
October.....	3, 121	177, 314 24	5, 239	1, 137, 121 80
November.....	2, 483	167, 995 87	3, 666	558, 464 24
December.....	4, 003	312, 144 99	3, 412	330, 296 32
January.....	6, 980	534, 775 48	2, 959	324, 159 20
February.....	3, 789	204, 513 15	3, 643	654, 830 14
Total.....	79, 227	4, 917, 532 51	42, 849	6, 345, 973 04

I apprehend, as I have said, that the course of business of this venerable and well-conducted institution may be taken as an illustration of that of the savings-banks throughout the country. It presents some noteworthy facts. The coming financial catastrophe had been casting its shadow before for many months; indeed, the industries of the country have never entirely reacted from the financial stringency of the autumn of 1872; yet, if gentlemen will observe the figures I have presented, and compare the amounts received from January to August inclusive with the amounts paid out during the same period, they will discover that though our industries were not as prosperous as they had been, the receipts were \$3,197,627.47, and the payments but \$2,964,860.03, showing that during those eight months the humble depositors in this one institution had added \$232,767.44 to their accumulations. If they will then note the receipts and payments from September to February inclusive, they will find that the receipts were but \$1,719,895.04 and the payments were \$3,381,113.01, showing that these same laborious, thrifty, hopeful people had, in these six short months, exhausted \$1,661,217.97 of the fund they had accumulated by sacrifices and economies unknown to the bankers who tell us that money is plenty, and point to the treasures locked in their vaults, which are alike inaccessible to the laborer and to the man of energy and enterprise whose means are restricted.

But, sir, I have wandered into a digression. I meant to ask whether the figures I had exhibited, the statements I had made, could be real; whether I had not been involved in fantasy; whether such power as the figures indicate can possibly reside in a single instrument of society, the medium of exchange, of which, as Mr. Carey says, "the generic name is money, and which may be of gold, silver, copper, or circulating notes." Let me, therefore, see whether I find confirmation or contradiction by proceeding to survey a somewhat wider field of our recent history.

First, let me invite attention to the fact that it is shown by the census of 1870, that the annual production of our workshops, farms, mines, and fisheries for that year was over \$7,000,000,000. The census takes no cognizance of establishments in which the acknowledged production was less than \$500 per annum, though the Middle and Eastern States abound in such establishments, yet it presented as an ascertained result \$6,843,559,506. This grand total was divided thus:

The products of factories and workshops were \$4,232,325,442; of the farm, \$2,447,538,658; of the mine, \$152,589,974, and of our fisheries, \$11,096,522. How these results compare with those of preceding years, in which our currency purported to be on a gold basis, let me give you a few illustrations from such authorities as I have at hand.

The census of 1850 and that of 1860 included the productions of mines and fisheries with those of the factory and workshops, while, as I have shown, each of these sources of wealth is embraced under a separate head by the census of 1870. Bearing these facts in mind, let us compare the productions of 1870 with those of the two preceding decades.

The total productions of the factories and workshops, and of mines and fisheries, in 1850, were \$1,019,106,616; in 1860 they were \$1,885,861,676; but in 1870 the productions of the factory and workshop alone were \$4,302,453,616; while, as I have shown, those of mines and fisheries amounted to over \$163,000,000.

Whence came this enormous increase in every department of production? Is it—I reiterate the question—the result of five years of intestine war upon a scale greater than such war had ever before been conducted? Gentlemen will not assert this; but I ask them to bear in mind the fact that such war prevailed through nearly half the decade; and to tell me what it was that during this period of waste and destruction gave such an impulse to the productive arts and resources of the country, and why that impulse has been recently paralyzed or withdrawn. The former facts were coincident with our acceptance of the duty of protecting our labor and the issue of an adequate volume of the medium of exchange, and the paralysis came on apace with the reduction of protective duties and the withdrawal of a large part of that medium, or, in popular phrase, the contraction of the currency.

In 1850 we had 7,000 miles of railroad; in 1860, 31,000. But to measure the progress of the seven years preceding the issue of inconvertible paper money, let me say that in 1863 we had 33,170 miles. In 1870 we had 52,898 miles, and at the close of 1873 we had 71,564 miles, of which 4,190 had been constructed in 1873.

Our production of iron in 1850 was about 800,000 tons, from which figures it differed but little, some 20,000 tons, in 1860; but by 1870 it had swollen to 1,900,000.

Our production of wool in 1850 was 52,000,000 pounds; in 1860 it had grown to but 60,000,000; but in 1870 it was more than 170,000,000.

Of anthracite coal we produced in 1850 3,358,899 tons; in 1860, 8,513,123; in 1870, 15,849,899; and in 1872, the last year for which the figures have been made up, 19,026,125. In contemplating these facts relating to fuel, we should remember that fire is force, and animates the steam-engine, imparting its wonderful energy to the improved mechanism of these days, adding sometimes a thousand-fold, yes, more, to the productive power of man.

But I must not weary gentlemen with details, and hasten to bring to their attention the fact that the census of 1860 showed us that the American people had gathered together, including the property brought by the founders of Jamestown and in the Mayflower, \$14,000,000,000 of wealth. This was the grand result of the enterprise, industry, and thrift of the American people from the settlement of the country to 1860.

But what did the next ten years do in this direction? According to the learned authorities cited by gentlemen, the people during this decade had been robbed by a forced loan; their business had been destroyed by an inflated currency, values had been unsettled, and the adventurers of the world had been invited to overstock our markets, because they were said by sophists to be the best in which to sell and the worst in which to buy; and yet, while suffering all these imputed disadvantages, while bearing forced loans and suffering an inflation of the currency, they accumulated in ten years \$16,000,000,000 of property, \$2,000,000,000 more than had been created in all the previous life of the nation. Gentlemen who are ever ready to ignore facts, which cannot be reconciled with the theories they have inherited, may say that this wealth was unreal; that it was fanciful; that it will melt away when our currency is brought down to the "hard-pan" of a gold basis. But, sir, I point to the marvelous growth of the great cities of the country—to New York, Philadelphia, Brooklyn, Chicago, Boston, Baltimore, Saint Louis. I point to the myriads of beautiful towns and thriving cities that have sprung up in every part of our country. I point to the amply endowed institutions of learning, the public libraries, halls of science, and temples of worship, which have been reared and endowed since 1860. I point to the railroads connecting States and cities and oceans with each other, and bearing the products of our workshops, our fields, our mines, and our fisheries, from one part of the country to the other, and to our sea-ports, for exportation to all parts of the world, and ask whether these will melt away. No, sir, they will not melt; they are not mere phantasmagoria; they are substantial and enduring. But by the further contraction of our currency the buildings, the roads, the workshops, and the fields, may be transferred from the men of energy who have erected or cultivated them, by the process of sheriff's or marshal's sale to the men whom we have invested with the power of making the money of the country, and of contracting it when they wish to buy, and of expanding it when they feel that it will be well to sell, in order that they may buy in again when they shall have produced the next financial crisis.

But this is not the time to discuss the question of banking. The bill before the House is a revenue bill—a bill proposing to repeal taxes, and I have already said that in the peculiar condition of our

country I think it would be injudicious to give it the effect of law. I hope the House will reject it; but in saying this, let me add that I hope it will reimpose none of the war taxes which have been repealed. There is no necessity for any additional taxation. Embarrassed as we are, such is the inherent power and the resources of the American people, that the current revenues will not only meet the current expenditures, but will, before the year closes, have made a generous contribution to the sinking fund; and should Congress in its wisdom determine to restore to circulation the balance of the forty-four million reserve now held by the Treasury, and to release the greenbacks now held as reserve by the banks, our industries will be so far reanimated as to enable us to begin at the next session, or the first session of the Forty-fourth Congress, to reduce the internal taxes which now burden with such grievous discrimination the grain fields of the West and the tobacco fields of the South, and annoy the people of the whole country by the petty exactions made through the stamp system. The history of the past eleven years precludes the possibility of doubt on this point.

Nor, sir, would I consent to borrow a dollar to meet current expenses. Did it seem to be necessary to add to the current revenue, I would refuse to make a loan for that purpose, or to add one dollar of taxation to the burdens borne by the people, while we refuse to give them a medium of exchange by which the laborer may be employed, and earn his daily bread and contribute to the revenues of the Government by his expenditures. The loan I would make would be in the direction of economy. It would be to borrow temporarily such funds as our own people may be able to lend the Government, on condition that their money should be refunded to them on call; and in consideration that it was received on this condition, I would make the distinction in the rate of interest that is now made between the rate for call loans and loans on bond, mortgage, or long note. From \$300,000,000 to \$500,000,000 can be had in a few months at the low rate of 3.65 in paper, with which gold bonds bearing 6 per cent. interest may be bought in open market, or called by the Secretary of the Treasury, who, I am sorry to see, is again supplying England with gold by buying up greenbacks. Were he required to accept loans on such terms as I indicate, he might reduce his interest account by calling 6 per cent. gold bonds and paying for them at par. This process involves an economy greater than any or all those proposed by the distinguished gentleman from Massachusetts, [Mr. DAWES,] the chairman of the Committee on Ways and Means. It will throw no workmen out of employ, as would the suspension of work upon our public buildings; it will leave no unfinished buildings standing in each of our great cities, a monument of our incompetence to manage the affairs of this great and expanding country; but will give us a full Treasury, amply replenished by the free contributions of a prosperous people.

[Mr. DUELL, by unanimous consent, obtained leave to print some remarks in the CONGRESSIONAL RECORD.] (See Appendix.)

Mr. FIELD obtained the floor, but yielded to

Mr. GARFIELD, who moved that the House adjourn.

The motion was agreed to; and accordingly (at four o'clock and forty-five minutes p. m.) the House adjourned.

IN SENATE.

MONDAY, March 9, 1874.

Prayer by the Chaplain, Rev. BYRON SUNDERLAND, D.D.

DEATH OF EX-PRESIDENT FILLMORE.

Mr. FENTON. Mr. President, the telegraph brings to us to-day the painful intelligence of the death of a distinguished citizen of the Republic, who once occupied the exalted position of President of the United States. Mr. FILLMORE's death will sadly touch the hearts, not alone of the people of the State in which he lived and led a career so useful and so full of honor, but the hearts of the whole people of our great country. As the news shall reach other lands, even there will be found those who will do honor to this mournful event; for the knowledge of his virtues, name, and fame was not confined to his own country, which had so honored him. This providence is one of general public interest as well as private grief, in which all can unite to pay appropriate honor and respect. It will not be expected, nor is it usual, to make remarks in this place which would be fitting to such an occasion elsewhere, but in view of the sad event, and in respect to the memory of the dead, I move that the Senate now adjourn.

The PRESIDENT *pro tempore*. The Senator from New York moves that the Senate do now adjourn.

Mr. SHERMAN. I would ask what the precedents have been in similar cases.

Mr. FENTON. I am informed by the Chair that this is the usual course.

Mr. SHERMAN. I can only say for myself that while I am willing to follow any well-established precedent on the occasion of the death of so distinguished a citizen as Mr. FILLMORE, late President of the United States, and would pay to his memory any compliment that has been usual in the case of any one who has occupied the high position of President of the United States, I do not believe that this example is a wise one. If there is no precedent for it I shall feel at liberty to

vote against the motion. If, however, the Secretary, who is better informed on this subject than I am, says that there is a well-established precedent of adjourning over in the case of the death of any one who has held the office of President of the United States, I certainly will not object in this case; for I would extend to the memory of Mr. FILLMORE every consideration and every compliment ever extended to any one who has held that exalted office.

The PRESIDENT *pro tempore*. The Chair is informed that the Senate adjourned on the death of Mr. Buchanan; and the Secretary does not recall the instance of other ex-Presidents dying during the session of Congress.

Mr. ANTHONY. It is certain that Congress adjourned on receiving intelligence of the death of the first President. It was in the resolution upon that event, introduced by John Marshall, and drawn by Henry Lee, that the memorable words, afterward repeated by General Lee in his eulogy before the two Houses of Congress, were originally employed: "First in war, first in peace, and first in the hearts of his countrymen."

Mr. SHERMAN. If the precedent has been established, I shall make no objection.

Mr. FENTON. I have not looked into the precedents in cases of this kind, but it seems to me altogether appropriate that the Senate should adjourn, and therefore I make the motion.

The PRESIDENT *pro tempore*. The Senator from New York, for reasons assigned by him, moves that the Senate do now adjourn.

The motion was agreed to; and (at twelve o'clock and seven minutes p. m.) the Senate adjourned.

HOUSE OF REPRESENTATIVES.

MONDAY, March 9, 1874.

The House met at twelve o'clock m. Prayer by Rev. C. KINGSLEY, Canon of Westminster and Chaplain to the Queen of Great Britain and to the Prince of Wales.

The Journal of Saturday last was read and approved.

ORDER OF BUSINESS.

The SPEAKER. This being Monday, the first business in order is the call of the States and Territories, beginning with the State of Maine, for the introduction of bills and joint resolutions for reference to their appropriate committees, not to be brought back on motions to reconsider. Under this call memorials and resolutions of State and territorial Legislatures may be presented for reference and printing. The morning hour begins at four minutes after twelve o'clock.

UNITED STATES ARSENAL, AUGUSTA, MAINE.

Mr. HALE, of Maine, presented resolutions of the Legislature of the State of Maine, in relation to the United States Arsenal at Augusta, Maine; which were referred to the Committee on Military Affairs, and ordered to be printed.

SCHOONER ADA A. ANDREWS.

Mr. EAMES introduced a joint resolution (H. R. No. 70) referring to the Court of Claims the claims against the United States for loss of the schooner Ada A. Andrews, of Providence, Rhode Island; which was read a first and second time, referred to the Committee on Claims, and ordered to be printed.

MARVIN H. AMESBURY.

Mr. KELLOGG introduced a bill (H. R. No. 2360) for the relief of Marvin H. Amesbury; which was read a first and second time, referred to the Committee on War Claims, and ordered to be printed.

BRIDGE ACROSS THE SAINT LAWRENCE.

Mr. WHEELER introduced a bill (H. R. No. 2361) to authorize the construction of a bridge across the Saint Lawrence River and to establish it as a post-road; which was read a first and second time, referred to the Committee on Commerce, and ordered to be printed.

COUNCIL ON ART MATTERS.

Mr. COX introduced a joint resolution (H. R. No. 71) establishing a council on art matters; which was read a first and second time, referred to the Committee on the Library, and ordered to be printed.

REBATE OF DUTY ON GLASS.

Mr. COX also introduced a bill (H. R. No. 2362) in relation to a rebate of duty on certain kinds of imported glass; which was read a first and second time, referred to the Committee on Ways and Means, and ordered to be printed.

CONDEMNED CANNON.

Mr. PLATT, of New York, introduced a bill (H. R. No. 2363) authorizing the Secretary of War to deliver condemned ordnance to Post No. 36 of the Grand Army of the Republic of Trumansburgh, New York; which was read a first and second time, referred to the Committee on Military Affairs, and ordered to be printed.

REPEAL OF DUTIES.

Mr. MERRIAM introduced a bill (H. R. No. 2364) to repeal duties on packages, commissions, transportation, &c., on foreign merchan-